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UNITED STATES-VIETNAM RELATIONS
1945-1967

STUDY PREPARED BY THE DEPARTMENT OF DEFENSE

BOOK 10 OF 12

DO NOT DESTROY
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Printed for the use of the House Committee on Armed Services

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UNITED STATES-VIETNAM RELATIONS
1945-1967

STUDY PREPARED BY THE DEPARTMENT OF DEFENSE



Printed for the use of the House Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1971

67-244 O

HOUSE COMMITTEE ON ARMED SERVICES

NINETY-SECOND CONGRESS, FIRST SESSION

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INTRODUCTION

The following is the unclassified text of the 1968 Department of Defense study, "United States Vietnam Relations, 1945-1967," popularly known as the Pentagon Papers.

At the time the existence of this study became known, through unauthorized public disclosures, the Committee on Armed Services requested a copy of the study, which was provided to the Committee and which has been continually available for inspection by Members of Congress. At the same time, as Chairman of the Armed Services Committee and with the concurrence of the senior minority member, Rep. Leslie C. Arends, I asked the Department of Defense to declassify the study on an expedited basis so that it could be made available to Members of Congress and to the American people.

I am now directing that it be printed as a Committee document and that a copy be provided to each Member of the House of Representatives. Copies will also be on sale to the public at the Government Printing Office. The 12-volume text here contains the first 43 volumes of the original 47-volume study. The last four volumes have not as yet been declassified because they deal with negotiations which are still in progress.

F. EDW. HÉBERT, *Chairman,*
Committee on Armed Services.

OFFICE OF THE SECRETARY OF DEFENSE
Washington, D.C., September 20, 1971.

Honorable F. EDWARD HÉBERT,
Chairman, Committee on Armed Services
House of Representatives
Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the discussions which took place at the time of the delivery to the Congress of the classified version of the 47-volume 1968 study of "U.S. Vietnam Relations, 1945-1967," we are transmitting herewith for your use four sets of the declassified study. You will note that the declassified review contains 43 volumes. The last four volumes of the 47-volume set have not been declassified because they deal exclusively with sensitive negotiations seeking peace and the release of prisoners of war. Their disclosure would adversely affect continuing efforts to achieve those objectives.

As I am sure you can appreciate, the review of approximately 7,000 pages has been a difficult task, complicated by the pattern of prior unauthorized disclosures and pending and potential actions in the courts. Of course, some of the material has been declassified solely on the basis of prior disclosures. The review has been accomplished on an expedited basis in order to comply with your request for the material on a declassified basis for hearings which the Congress has indicated are in prospect. Because of the time constraint imposed on the review, it is possible, even probable, that errors of omission and commission have been made during the review. This, however, represents the best possible effort taking into consideration the time available and the numerous complicating factors which influenced the review. Other than the last four volumes, we have been able to make available to you in unclassified form the bulk of the study.

Sincerely,

RADY A. JOHNSON,
Assistant to the Secretary for Legislative Affairs.

**FINAL REPORT—OSD Task Force, Vietnam
and
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OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, D.C.

MEMORANDUM FOR THE SECRETARY OF DEFENSE

THROUGH: Mr. Paul C. Warnke, ASD/ISA

Dr. Morton H. Halperin, DASD/Policy Planning and Arms Control/ISA

SUBJECT: Final Report, OSD Vietnam Task Force

15 January 1969.

On June 17, 1967, Secretary Robert S. McNamara directed that a Task Force be formed to study the history of United States involvement in Vietnam from World War II to the present. Mr. McNamara's guidance was simply to do studies that were "encyclopedic and objective." With six full-time professionals assigned to the Task Force, we were to complete our work in three months. A year and a half later, and with the involvement of six times six professionals, we are finally done to the tune of thirty-seven studies and fifteen collections of documents contained in forty-three volumes.

In the beginning, Mr. McNamara gave the Task Force full access to OSD files, and the Task Force received access to CIA materials, and some use of State Department cables and memoranda. We had no access to White House files. Our guidance prohibited personal interviews with any of the principal participants.

The result was not so much a documentary history, as a history based solely on documents—checked and rechecked with ant-like diligence. Pieces of paper, formidable and suggestive by themselves, could have meant much or nothing. Perhaps this document was never sent anywhere, and perhaps that one, though commented upon, was irrelevant. Without the memories of people to tell us, we were certain to make mistakes. Yet, using those memories might have been misleading as well. This approach to research was bound to lead to distortions, and distortions we are sure abound in these studies.

To bring the documents to life, to fill in gaps, and just to see what the "outside world" was thinking, we turned to newspapers, periodicals, and books. We never used these sources to supplant the classified documents, but only to supplement them. And because these documents, sometimes written by very clever men who knew so much and desired to say only a part and sometimes written very openly but also contradictorily, are not immediately self-revealing or self-explanatory, we tried

both to have a number of researchers look at them and to quote passages liberally. Moreover, when we felt we could be challenged with taking something out of context, we included the whole paper in the Documentary Record section of the Task Force studies (Parts V and VI. A and B). Again seeking to fend off inevitable mistakes in interpretation and context, what seemed to us key documents were reviewed and included in several overlapping in substance, but separate, studies.

The people who worked on the Task Force were superb—uniformly bright and interested, although not always versed in the art of research. We had a sense of doing something important and of the need to do it right. Of course, we all had our prejudices and axes to grind and these shine through clearly at times, but we tried, we think, to suppress or compensate for them.

These outstanding people came from everywhere—the military services, State, OSD, and the "think tanks." Some came for a month, for three months, for six months, and most were unable, given the unhappiness of their superiors, to finish the studies they began. Almost all the studies had several authors, each heir dutifully trying to pick up the threads of his predecessor. In all, we had thirty-six professionals working on these studies, with an average of four months per man.

The quality, style and interest of the studies varies considerably. The papers in Parts I, II, III, and IV.A, concerning the years 1945 to 1961 tend to be generally non-startling—although there are many interesting tidbits. Because many of the documents in this period were lost or not kept (except for the Geneva Conference era) we had to rely more on outside resources. From 1961 onwards (Parts IV.B and C and VI.C), the records were bountiful, especially on the first Kennedy year in office, the Diem coup, and on the subjects of the deployment of ground forces, the decisions surrounding the bombing campaign against North Vietnam, US-GVN relations, and attempts at negotiating a settlement of the conflict.

Almost all the studies contain both a Summary and Analysis and a Chronology. The chronologies highlight each important event or action in the monograph by means of date, description, and documentary source. The Summary and Analysis sections, which I wrote, attempt to capture the main themes and facts of the monographs—and to make some judgments and speculations which may or may not appear in the text itself. The monographs themselves stick, by and large, to the documents and do not tend to be analytical.

Writing history, especially where it blends into current events, especially where that current event is Vietnam, is a treacherous exercise. We could not go into the minds of the decision-makers, we were

not present at the decisions, and we often could not tell whether something happened because someone decided it, decided against it, or most likely because it unfolded from the situation. History, to me, has been expressed by a passage from Herman Melville's *Moby Dick* where he writes: "This is a world of chance, free will, and necessity—all interweavingly working together as one; chance by turn rules either and has the last featuring blow at events." Our studies have tried to reflect this thought; inevitably in the organizing and writing process, they appear to assign more and less to men and free will than was the case.

LESLIE H. GELB,
Chairman, OSD Task Force.

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LESLIE H. GELB,
Chairman, OSD Task Force.



UNITED STATES - VIETNAM RELATIONS

1945 - 1967

V. B. 3.

JUSTIFICATION OF THE WAR

- INTERNAL COMMITMENTS -

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199. Secretary Wilson expresses the Defense views on the draft "Southeast Asia Collective Security Treaty" which include the JCS position. In his view, the recent developments in Geneva and Indochina increases the urgency for a "comprehensive United States policy with respect to the Far East region as a whole." Secretary of Defense Letter to Secretary of State, 17 August 1954..... 725
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208. The JCS recommend against the assignment of a training mission to MAAG, Saigon in view of the unstable political situation in South Vietnam. JCS Memorandum to Secretary of Defense, 22 September 1954..... 759
209. Total tonnage of MDAP material delivered to Indochina since December, 1950, is 737,000 tons. Prior to termination of hostilities, there were 500,000 tons of equipment and 20,000 vehicles in North Vietnam. As of 13 September, there are 450,000 tons of equipment to be evacuated from North Vietnam. Military Assistance Memorandum for ISA, 24 September 1954..... 761

210. The U.S. and France agree to support Diem in the establishment of a strong, anti-Communist nationalist government. The five key elements recognized which can provide a chance of success are: Bao Dai, General Hinh and the National army, and the three sects. The Binh Xuyen sect, which controls the police and is tied to Bao Dai, is to be isolated from Bao Dai and their strength minimized. TOSEC 9, 30 September 1954..... 765
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213. The JCS, in reply to the Secretary of State's letter of 11 October (Document 210, page 765), persist in their view that the U.S. should not participate in the training of Vietnamese forces. However, if "political considerations are overriding," then the JCS agree to assignment of a training mission to MAAG Saigon "with safeguards against French interference...." JCS Memorandum for Secretary of Defense, 19 October 1954..... 771
214. Dulles reports on a conversation with Mendes-France on the critical situation in Vietnam. The French position is that plans should be laid for another government structure in the event of a Diem failure. They stress the importance of utilizing the "thread of legitimacy deriving from Bao Dai...." Dulles requests the State Department estimate on the political situation. DULTE 5, 20 October 1954..... 775
215. A new approach to leadership training and "cross-fertilization between Western and Asiatic ideas" is proposed in a psychological operations concept entitled "Militant Liberty." The implementation of "Militant Liberty" -- a concept which "motivates indigenous people to work toward a common goal of individual freedom" -- is proposed on a test basis in Indochina as a joint military-CIA venture. Defense Memo for the CIA (Draft), 20 October 1954..... 776

216. The State Department's estimate of the political situation is that Hinh holds a veto power over Diem; "jockeying for power and struggle for cabinet positions is resulting in paralyzing impasse"; French reference to "another structure of government" implies a "hankering to reestablish a political system" which might involve direct colonial-type controls by France; and, unless Diem receives U.S.-French support, his chances of success appear slight. Paris TEDUL 11 NIACT, 21 October 1954..... 780
217. This message contains the policy of the U.S. Government and instructions to the Ambassador and Chief of MAAG in Saigon necessary to carry out the provisions of NSC 5429/2 pertaining to training of Vietnamese armed forces. Draft Joint State-Defense Message, 21 October 1954..... 783
218. The OCB draft recommendations on training in Vietnam outline the U.S. role in assisting the reorganization and training of the Vietnamese armed forces and specifies the coordination required between the Ambassador and Chief, MAAG. The question of ultimate size of the Vietnamese forces and U.S. support is left for "later determination." NSC 218th Meeting, 22 October 1954..... 789
219. The Report of the Van Fleet Mission to the Far East is discussed with President Eisenhower. General Van Fleet's views are "somewhat different from present policies." As Van Fleet states the problem: "The problem before us is the failure of U.S. leadership in the Far East....the future will reveal other prices we must pay for the free world defeat in Indochina." White House Memorandum for General Bonesteel, 25 October 1954..... 792
220. Diem is insisting on getting rid of General Hinh. Eisenhower's letter to Diem is being interpreted as superseding Washington agreements, that Diem has "full rein" without meeting the precondition of "forming a strong and stable government." The President's letter can also be exploited by the Viet Minh and is causing the French concern. State Memorandum of Conversation, 26 October 1954..... 798
221. Secretary Dulles forwards the main points of General Collins' recommendations regarding force levels in Vietnam. In summary, the points are: (1) it would be disastrous if the French Expeditionary Corps (FEC) were withdrawn prematurely; (2) the U.S. should continue to subsidize the FEC; (3) the Vietnamese Army should be

- down to 77,000 and under Vietnamese command by July 1955;
 (4) the U.S. should assume training responsibility by
 1 January 1955; and (5) the French are agreeable to a slow
 build-up of MAAG. Dulles Memorandum for the President,
 17 November 1954..... 800
222. The French Ambassador is informed by the FOA that, sub-
 ject to agreement, the U.S. contemplates \$100 million
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 Defense Department has "never agreed to the original
 position paper," which is based on General Collins'
 recommendations, without details of his calculations.
 ISA Memorandum for Record, 24 November 1954..... 802
223. Senator Mansfield states his conclusions based on
 General Collins' analysis of the Vietnam situation:
 (1) prospects for Diem "look very dim," elections in
 1956 would probably favor the communists; (2) the U.S.
 should continue to support Vietnam as long as possible;
 (3) he sees no alternative to Diem; (4) he is certain
 refugees, Catholic bishops and church officials would
 oppose replacement of Diem; (5) Paris should urge
 Bao Dai cease his interference and support Diem; (6)
 and Diem should be encouraged to compromise on issues.
 State Memorandum of Conversation, 7 December 1954..... 806
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 accelerate withdrawal of the FEC and evacuation of
 civilians as a direct result of the U.S. decision to
 provide only one-third the amount requested for
 maintenance of the FEC in 1955. Paris 2448 to Dulles,
 9 December 1954..... 809
225. Diem "passes the buck" of convincing the sect leaders
 not to oppose the appointment of Dr. Quat as Defense
 Minister to the U.S. Collins is convinced that Diem
 and his brothers, Luyen and Nhu, are afraid of Quat
 or any strong man in control of the armed forces
 since with "spineless General Ty" as Chief of Staff,
 Diem has effectively seized control of the army.
 Further, Collins comments on the alternatives to Diem
 Government; though the alternative of gradual with-
 drawal from Vietnam "is least desirable, in all honesty,
 and in view of what I have observed here to date it is
 possible this may be the only sound solution." Collins
 (Saigon) 2250 to Dulles, 13 December 1954..... 811
226. The Defense Department reviews the military aid situ-
 ation in Indochina including the value of MDAP ship-
 ments (\$1,085 million) and losses of equipment at Dien

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that the Viet Minh can take over only by internal violence; (2) investment in Vietnam is justified even if only to buy time, we must be flexible and proceed carefully by stages; (3) "we have no choice but to continue our aid to Vietnam and support of Diem"; (4) Bao Dai's return would not solve the problem; (5) revitalization of National army is hope for an improved security condition; (5) and "something should be done on our side" to exploit land reform issue. Dulles 2585 to Collins (Saigon), 24 December 1954.....

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232. Collins refutes most of the comments of Ely and Mendes made at the tripartite discussion and is disturbed over some of the suggestions and attitudes of Mendes and Eden. He feels that he should be in Washington in January if the NSC is to re-evaluate U.S. policy to avoid misunderstandings. Collins 2455 to Dulles, 25 December 1954.....

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233. Secretary Dulles decides that the U.S. should proceed as scheduled and "take the plunge" and begin direct aid to Vietnam on 1 January and move ahead on MAAG negotiations in Cambodia. Dulles feels that the JCS prerequisite on eliminating the French from Cambodia is "too legalistic and unrealistic." State Memorandum for the Record, 29 December 1954.....

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235. The JCS provide additional courses of action in Vietnam to the Secretary of Defense. Specifically, (1) to continue aid; (2) to unilaterally institute an "advisory system"; (3) if (1) and (2) fail, to deploy unilaterally or with SEATO; (4) or to withdraw all U.S. support from South Vietnam and "concentrate on saving the remainder of Southeast Asia." JCS Memorandum for Secretary of Defense, 21 January 1955..... 862
236. General J. Lawton Collins reports on the situation in South Vietnam. The major factors which will affect the outcome of U.S. efforts are: (1) Viet Minh strength and intentions; (2) French attitude and intentions; (3) sects attitudes and intentions; (4) Vietnamese armed forces loyalties; (5) free Vietnam economy, and (6) Diem's popular support. There is no guarantee that Vietnam will remain free with U.S. aid -- but without it, "Vietnam will surely be lost to communism." Memorandum for the National Security Council, 24 January 1955..... 864
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239. This memorandum describes the Department of Defense contribution to and participation in the Bangkok Conference on SEACDT. DOD Memorandum, forwarded 29 March 1955..... 888
240. The U.S. proposal on elections is based on Eden's plan at Berlin, i.e., Free Vietnam will insist to the Viet Minh that no discussions on the type, issues, or other factors of elections are possible unless the Viet Minh accept the safeguards spelled out. Dulles 4361 to Saigon, 6 April 1955..... 892

241. General Collins submits a seven step recommendation which centers on getting rid of Diem and reorganizing the government structure. Collins 4448 to Dulles, 9 April 1955..... 894
242. Diem exists by reason of U.S. support despite French reluctance. If the French view prevails, "removal of Diem... may well be interpreted in Vietnam and Asia as an example of U.S. paying lip service to nationalist cause, and then forsaking a true nationalist leader when 'colonial interests' put enough pressure on us." Dulles 4438 to Saigon, 9 Apr 55.. 907
243. Bao Dai recommends that the U.S. agree with the French to create a "Supreme Council" or "Council of Elders" to govern in place of Diem. The Binh Xuyen could have been used in the common effort if "Diem had not bungled matters." Bao Dai cannot rule for Diem by decree and considers Diem's strength as a "mockery." Paris 4396 to Dulles, 9 Apr 55..... 910
244. Ely disagrees with the U.S. on maintaining Diem in office. The worsening situation is attributed to Diem by the French and "only by surgery, that is removal of Diem, can the country be saved." Ely feels that if Diem is retained, he could not be the responsible French representative or remain in Saigon. Saigon 4661 to Dulles (Excerpts) 19 Apr 55..... 912
245. Diem is seen as a barrier to forming an interim government and the gap between him and other elements in the society is becoming wider. The U.S., however, warns Vietnamese leaders that if Diem is removed as a "sect victory" it would be "difficult to obtain popular support in the U.S. for continuation of U.S. aid." Saigon 4662 to Dulles, 20 Apr 55..... 915
246. Diem announces to the U.S. his willingness to accept a coalition in the government but on his terms. This uncompromising attitude leads Collins to remark: "I see no alternative to the early replacement of Diem." Saigon 4663 to Dulles, 20 Apr 55..... 918
247. Conclusions and recommendations are offered as a basis for future Department of Defense positions on the subject of South Vietnam. Key recommendations made are: to determine U.S. military action within the scope of SEACDT to prevent the loss of Southeast Asia as a result of the loss of South Vietnam, and to postpone indefinitely the elections proposed by Geneva Accords for Vietnam. ISA Letter to State Department, 22 Apr 55..... 923

248. In a debriefing, General Collins is firmly convinced that it will be to the detriment of U.S. interests to continue to support Diem. ISA Memorandum, 25 April 1955..... 937
249. The U.S. tentatively proposes to maintain full support to Diem until an alternative supported by Bao Dai is developed. Dulles 4757 to Saigon, 27 April 1955:..... 941
250. The State Department is being forced to take a strong stand for Diem. Senator Mansfield is a strong backer of Diem and if Diem is forced out, there will be "real difficulties on the Hill." K.T. Young Memorandum for Robertson, 30 April 1955..... 945
251. Bao Dai registers strong complaints against U.S. support of Diem, U.S. inaction which allowed the present civil strife, and against U.S. failure to urge Diem to go to France. Diem, in Bao Dai's opinion, is a "psychopath who wishes to martyrize himself." Paris 4746 to Dulles, 30 April 1955..... 948
252. It is predicted that the success of Diem against the Binh Xuyen, Bao Dai, the French and General Vy has created a potentially revolutionary situation in Vietnam and, given U.S. support and French acquiescence, Diem is expected to stabilize the situation in Saigon. SNIE 63.1-2/1-55, 2 May 1955..... 955
253. Tripartite discussions again reveal basic disagreement. The French conclude: "Diem is a bad choice...without him some solution might be possible but with him there is none...What would you say if we [France] were to retire entirely from Indochina..." SECTO 8, 8 May 1955..... 959
254. The French are increasingly bitter toward Diem and convinced he must go. Steps are suggested to reconstitute a joint Franco-American approach to the situation. Among these are steps to reduce the French garrison in Saigon, replace Ely, and form a course of action after the crisis is over which persuades Diem to reorganize his government or else get rid of him. Saigon 5074 to Dulles, 8 May 1955..... 967
255. The JCS reject both alternatives suggested by Dulles as solutions to the Vietnam problem. The JCS recommend that Dulles be advised that Diem shows the most promise for achieving internal stability, that the U.S. cannot guarantee security of French nationals, and that U.S. actions under SEATO could possibly replace FEC presence. JCS Memorandum for Secretary of Defense, 9 May 1955..... 971

256. A move to deal with Diem to protect French civilians in order to get the French to withdraw "would clearly disengage us from the taint of colonialism..."
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257. The recommendations of the report of the Military Staff Planners Conference, SEACDT and the recommended JCS actions are summarized. The basic report is omitted. See Document 257, page
JCS Memorandum for Secretary of Defense, 2 June 1955..... 976
258. The NSC recommends and President Eisenhower approves that NSC recommendations as to U.S. policy on all Vietnam elections are not required and that in the event of renewal of Communist hostilities U.S. policy would be governed by NSC 5429/5. Memorandum for the NSC (NSC 1415), 13 June 1955..... 984
259. A summary of those portions of the Report of the Staff Planners Conference which have political significance are forwarded to the Secretary of State. The parts summarized concern terms of reference for military advisors organization to SEACDT, measures for improving defensive effectiveness through mutual aid and self-help, signal communications, and future organizational structure. JCS Memorandum for Secretary of Defense, 1 July 1955..... 985
260. In probable developments before July 1956, North Vietnam (DRV), though confronted by serious economic problems, will consolidate its control north of the 17th parallel. The DRV army has increased in strength but will probably not attack Laos before mid-1956. Tactics are likely to include activation of guerrilla units in South Vietnam and their reinforcement by infiltration from the North. NIE 63.1-55, 19 July 1955..... 993
261. The consequences of selected U.S. courses of action are estimated in the event of Viet Minh aggression against South Vietnam. While overt aggression is unlikely, U.S. efforts at undertaking other steps to convince the Viet Minh that aggression will be met with intervention are expected to render overt aggression even less likely. Failure to intervene however, could signal an expanded Communist Chinese effort in Asia. SNIE 63.1-4-55, 13 September 1955..... 997

262. The JCS assess the implications of U.S. military operations to repulse and punish overt Viet Minh aggression or to destroy Viet Minh forces and take control of North Vietnam in the event of renewed hostilities. Secretary of Defense Memorandum for NSC, 15 September 1955..... 1001
263. The State Department relates the political actions necessary under a deterrent strategy and in a situation of overt Viet Minh aggression. In either situation, the U.S. has to provide substantial economic assistance. State Department Draft Study, 6 October 1955..... 1016
264. The Staff Planners conclude that the successful defense of South Vietnam, Laos and Cambodia is wholly dependent on timely deployment of SEATO forces, an unlikely event, or on the use of nuclear weapons to reduce force requirements. Other conclusions and recommendations are made which deal with overt attacks, combating subversion, logistics, and psychological warfare. SEACDT Military Staff Planners Conference, 16 November 1955..... 1020
265. Asian members of SEATO are pressuring for a "permanent SEATO Council and Military Staff organization." The U.S. position to avoid such a commitment is rapidly becoming untenable. The Asian signatories to SEACDT are losing faith in SEATO as a deterrent for communist expansion. ISA Memorandum for Secretary of Navy, 16 December 1955..... 1043



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JUSTIFICATION OF THE WAR

- INTERNAL COMMITMENTS -

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186. The NSC adopts the JCS recommendation that the possible use of ROK forces in Indochina be kept under review. Secretary of Defense Memorandum to JCS, 30 July 1954..... 679
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188. The CIA assesses the probable outlook in Indochina in the light of agreements at the Geneva Conference. The conclusions are: (1) that the communists will continue to pursue their objectives in South Vietnam by political, psychological and paramilitary means; (2) that if elections are held in 1956, the Viet Minh will win; (3) and that the events in Laos and Cambodia depend on the developments in Vietnam. National Intelligence Estimate, NIE 63-5-54, 3 August 1954..... 691
189. The French view of Diem Government is that it does not qualify on three major points: (1) fully representative of the population; (2) prepared to carry out land reform; and (3) prepared to depose Bao Dai. Diem is seen as valuable for his high moral character but his mandarin background precludes his qualifications on the three points. Paris 481 to Dulles, 4 August 1954..... 699
190. The Joint Chiefs of Staff recommend that before the U.S. assume responsibility for training the Vietnamese Army that four preconditions be met: (1) "it is absolutely essential that there be a reasonably strong, stable civil government in control"; (2) each government concerned should formally request the U.S. to assume the responsibility; (3) arrangements should be made for

granting full independence and provide for phased withdrawal of French forces; and (4) the force structure should be dictated by local military requirements.

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191. The Chief MAAG outlines his point of view of the U.S. part in the future of Vietnam. His mission is twofold: establish U.S. courses of action to insure survival of Free Vietnam as a nation and develop Vietnam as an effective barrier to Communist expansion. Saigon 3024A, 8 August 1954..... 703

192. The French have been lead to believe that Dulles made an offer of the use of atomic bombs at Dien Bien Phu and that Bidault was "much upset" by the offer and felt that they would have done no good tactically. There is concern that Bidault -- "ill, nervous, hypersensitive and bitter" might attempt to publicize his version and take credit for preventing the use of atom bombs as "suggested by the U.S." Paris 558 to Dulles, 9 August 1954..... 705

193. Dulles has "no recollection whatever of the alleged offer" of atomic bombs to the French and indicates "it is incredible that I should have made the offer" Dulles 501 to Paris, 9 August 1954..... 706

194. On the offer of atomic bombs, the French agree that there has been a complete misunderstanding, possibly based on language difficulties. On the day of Dulles "alleged" offer, Bidault had been "ill, jittery, overwrought" and, even to the French staff, "incoherent." Paris 576 to Dulles, 10 August 1954..... 708

195. The JCS review U.S. policy in the Far East - NSC 5429. They recommend that NSC 5429 be returned to the Planning Board for "exposition of U.S. objectives" and "delineation of broad courses of action" in the Far East. Extensive comments by the Army Chief of Staff on NSC 5429 ("It is not a comprehensive review of the entire problem...WE DO NOT HAVE EITHER TO APPEASE COMMUNIST CHINA OR TO DESTROY IT.") are included. JCS Memorandum for Secretary of Defense, 11 August 1954..... 709

196. The JCS comment on a draft State Department message for the French Prime Minister regarding U.S. policy toward Indochina. They feel the message should state clearly that the assumption of training responsibility in Vietnam by the U.S. is contingent on the preconditions stated in their 4 August memorandum (see Document 185). JCS Memorandum for Secretary of Defense, 12 August 1954..... 714

197. Regarding...the assumption by the U.S. of the responsibility for training the Vietnamese Army, Secretary Wilson forwards the JCS view as representing the Defense Department position to Secretary Dulles. Secretary of Defense Letter to Secretary of State, 12 August 1954..... 717
198. The JCS concur in the view that a statement of intent to conclude a treaty establishing a collective security arrangement in the Far East should be issued by the countries which intend to be treaty members. The JCS list the provisions which the treaty should incorporate. JCS Memorandum for Secretary of Defense, 13 August 1954..... 719
199. Secretary Wilson expresses the Defense views on the draft "Southeast Asia Collective Security Treaty" which include the JCS position. In his view, the recent developments in Geneva and Indochina increases the urgency for a "comprehensive United States policy with respect to the Far East region as a whole." Secretary of Defense Letter to Secretary of State, 17 August 1954..... 725
200. Secretary Dulles replies to the JCS: 4 preconditions with the assertion that "one of the most efficient means of enabling the Vietnamese Government to become strong is to assist it in reorganizing the National army and in training that army." Even though Vietnam could not meet the U.S. prerequisites, Dulles believes that strengthening the army was a prerequisite to political stability. Secretary of State Memorandum to Secretary of Defense, 18 August 1954..... 728
201. The U.S. policy with respect to Southeast Asia provides for negotiating a collective security treaty, considers appropriate action in the event of local subversion, and outlines political and covert action. NSC 5429/2, 20 August 1954..... 731
202. The President has approved the policy that henceforth aid to Indochina would be direct rather than through the medium of the French Government. Further, State feels the Government should respond affirmatively to Cambodia's request for assistance in training the Royal Cambodian Army. Secretary of State Letter to Secretary of Defense, 26 August 1954..... 742
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204. The Manila Conference delegate submits comment on the SEATO treaty articles of special concern to Defense. . . Among these are: "Article IV is the heart of the treaty" -- and provides that aggression against any member, or, by agreement, any nation in the area, would be met by action in accordance with "constitutional processes"; Article V establishes a council which provides for "machinery" to achieve Treaty objectives; and Article VII provides that other nations may be invited to accede to the Treaty. ISA Memorandum for Secretary of Defense, 14 September 1954..... 746
205. Diem has not demonstrated the necessary ability to deal with practical politics and administration. France, apparently with no policy toward South Vietnam, has failed to support Diem. Trends indicate enhanced prospects of Communist control over the area. SNIE 63-6-54, 15 September 1954..... 751
206. Ambassador Heath goes on record with a strong criticism of General O'Daniel's "impetuous action" in contacting General Hinh concerning the political crisis in Saigon. O'Daniel prefers Hinh to Diem and rejects the exiling of Hinh to the United States as requested by Diem. Ambassador Heath Letter to State, 16 September 1954..... 753
207. The JCS see the Geneva cease-fire agreement as a major obstacle to the introduction of adequate U.S. MAAG personnel and of additional arms and equipment. Further, because of "uncertain capabilities of the French and Vietnamese to retrieve, retain, and reorganize the dispersed forces of Vietnam," U.S. support to the area should be accomplished at "low priority." JCS Memorandum for Secretary of Defense, 22 September 1954..... 756
208. The JCS recommend against the assignment of a training mission to MAAG, Saigon in view of the unstable political situation in South Vietnam. JCS Memorandum to Secretary of Defense, 22 September 1954..... 759
209. Total tonnage of MDAP material delivered to Indochina since December, 1950, is 737,000 tons. Prior to termination of hostilities, there were 500,000 tons of equipment and 20,000 vehicles in North Vietnam. As of 13 September, there are 450,000 tons of equipment to be evacuated from North Vietnam. Military Assistance Memorandum for ISA, 24 September 1954..... 761

210. The U.S. and France agree to support Diem in the establishment of a strong, anti-Communist nationalist government. The five key elements recognized which can provide a chance of success are: Bao Dai, General Dinh and the National army, and the three sects. The Binh Xuyen sect, which controls the police and is tied to Bao Dai, is to be isolated from Bao Dai and their strength minimized. TOSEC 9, 30 September 1954..... 765
211. Secretary Dulles feels that U.S. policy on the magnitude of force levels and costs for Vietnam should be based on NSC 5429/2 which provides for internal security forces under SEATO: "...it is imperative that the United States Government prepare a firm position on the size of forces we consider a minimum level to assure the internal security of Indochina." Dulles Letter to Wilson, 11 October 1954..... 768
212. Defense forwards Secretary Dulles letter (Document 204, page 746) to JCS and requests the JCS to reconsider their previous estimates (Document 202, page 742) in light of the more recent views of Dulles. ISA Memorandum for JCS, 14 October 1954..... 770
213. The JCS, in reply to the Secretary of State's letter of 11 October (Document 210, page 765), persist in their view that the U.S. should not participate in the training of Vietnamese forces. However, if "political considerations are overriding," then the JCS agree to assignment of a training mission to MAAG Saigon "with safeguards against French interference...." JCS Memorandum for Secretary of Defense, 19 October 1954..... 771
214. Dulles reports on a conversation with Mendes-France on the critical situation in Vietnam. The French position is that plans should be laid for another government structure in the event of a Diem failure. They stress the importance of utilizing the "thread of legitimacy deriving from Bao Dai...." Dulles requests the State Department estimate on the political situation. DULTE 5, 20 October 1954..... 775
215. A new approach to leadership training and "cross-fertilization between Western and Asiatic ideas" is proposed in a psychological operations concept entitled "Militant Liberty." The implementation of "Militant Liberty" -- a concept which "motivates indigenous people to work toward a common goal of individual freedom" -- is proposed on a test basis in Indochina as a joint military-CIA venture. Defense Memo for the CIA (Draft), 20 October 1954..... 776

216. The State Department's estimate of the political situation is that Hinh holds a veto power over Diem; "jockeying for power and struggle for cabinet positions is resulting in paralyzing impasse"; French reference to "another structure of government" implies a "hankering to reestablish a political system" which might involve direct colonial-type controls by France; and, unless Diem receives U.S.-French support, his chances of success appear slight. Paris TEDUL 11 NIACT, 21 October 1954..... 780
217. This message contains the policy of the U.S. Government and instructions to the Ambassador and Chief of MAAG in Saigon necessary to carry out the provisions of NSC 5429/2 pertaining to training of Vietnamese armed forces. Draft Joint State-Defense Message, 21 October 1954..... 783
218. The OCB draft recommendations on training in Vietnam outline the U.S. role in assisting the reorganization and training of the Vietnamese armed forces and specifies the coordination required between the Ambassador and Chief, MAAG. The question of ultimate size of the Vietnamese forces and U.S. support is left for "later determination." NSC 218th Meeting, 22 October 1954..... 789
219. The Report of the Van Fleet Mission to the Far East is discussed with President Eisenhower. General Van Fleet's views are "somewhat different from present policies." As Van Fleet states the problem: "The problem before us is the failure of U.S. leadership in the Far East....the future will reveal other prices we must pay for the free world defeat in Indochina." White House Memorandum for General Bonesteel, 25 October 1954..... 792
220. Diem is insisting on getting rid of General Hinh. Eisenhower's letter to Diem is being interpreted as superseding Washington agreements, that Diem has "full rein" without meeting the precondition of "forming a strong and stable government." The President's letter can also be exploited by the Viet Minh and is causing the French concern. State Memorandum of Conversation, 26 October 1954..... 798
221. Secretary Dulles forwards the main points of General Collins' recommendations regarding force levels in Vietnam. In summary, the points are: (1) it would be disastrous if the French Expeditionary Corps (FEC) were withdrawn prematurely; (2) the U.S. should continue to subsidize the FEC; (3) the Vietnamese Army should be

- down to 77,000 and under Vietnamese command by July 1955;
 (4) the U.S. should assume training responsibility by
 1 January 1955; and (5) the French are agreeable to a slow
 build-up of MAAG. Dulles Memorandum for the President,
 17 November 1954..... 800
222. The French Ambassador is informed by the FOA that, sub-
 ject to agreement, the U.S. contemplates \$100 million
 support for the FEC in Indochina for CY 1955. The
 Defense Department has "never agreed to the original
 position paper," which is based on General Collins'
 recommendations, without details of his calculations.
 ISA Memorandum for Record, 24 November 1954..... 802
223. Senator Mansfield states his conclusions based on
 General Collins' analysis of the Vietnam situation:
 (1) prospects for Diem "look very dim," elections in
 1956 would probably favor the communists; (2) the U.S.
 should continue to support Vietnam as long as possible;
 (3) he sees no alternative to Diem; (4) he is certain
 refugees, Catholic bishops and church officials would
 oppose replacement of Diem; (5) Paris should urge
 Bao Dai cease his interference and support Diem; (6)
 and Diem should be encouraged to compromise on issues.
 State Memorandum of Conversation, 7 December 1954..... 806
224. The French Government is considering the decision to
 accelerate withdrawal of the FEC and evacuation of
 civilians as a direct result of the U.S. decision to
 provide only one-third the amount requested for
 maintenance of the FEC in 1955. Paris 2448 to Dulles,
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225. Diem "passes the buck" of convincing the sect leaders
 not to oppose the appointment of Dr. Quat as Defense
 Minister to the U.S. Collins is convinced that Diem
 and his brothers, Luyen and Nhu, are afraid of Quat
 or any strong man in control of the armed forces
 since with "spineless General Ty" as Chief of Staff,
 Diem has effectively seized control of the army.
 Further, Collins comments on the alternatives to Diem
 Government; though the alternative of gradual with-
 drawal from Vietnam "is least desirable, in all honesty,
 and in view of what I have observed here to date it is
 possible this may be the only sound solution." Collins
 (Saigon) 2250 to Dulles, 13 December 1954..... 811
226. The Defense Department reviews the military aid situ-
 ation in Indochina including the value of MDAP ship-
 ments (\$1,085 million) and losses of equipment at Dien

Bien Phu (\$1.2 million) which included 8 tanks, 24 howitzers, and 15,000 small arms. Defense Letter to Senate Foreign Relations Committee, 14 December 1954..... 818

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228. Ambassador Heath suggests that General Collins' recommendations ignore the basic factor that withholding aid from Diem would assist a communist takeover. Dulles has analyzed our situation in Vietnam as a "time buying operation" and Heath recommends continued support of Diem in spite of a "Bao Dai solution." The fear that \$300 million plus our national prestige would be lost in a gamble" is a legitimate one, but withholding our support would "have a far worse effect." Heath Memorandum to FE, 17 December 1954..... 824

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231. Dulles spells out guidelines for future U.S. actions in Indochina: (1) we must create such a situation

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232. Collins refutes most of the comments of Ely and Mendes made at the tripartite discussion and is disturbed over some of the suggestions and attitudes of Mendes and Eden. He feels that he should be in Washington in January if the NSC is to re-evaluate U.S. policy to avoid misunderstandings. Collins 2455 to Dulles, 25 December 1954..... 856

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240. The U.S. proposal on elections is based on Eden's plan at Berlin, i.e., Free Vietnam will insist to the Viet Minh that no discussions on the type, issues, or other factors of elections are possible unless the Viet Minh accept the safeguards spelled out. Dulles 4361 to Saigon, 6 April 1955..... 892

241. General Collins submits a seven step recommendation which centers on getting rid of Diem and reorganizing the government structure. Collins 4448 to Dulles, 9 April 1955..... 894
242. Diem exists by reason of U.S. support despite French reluctance. If the French view prevails, "removal of Diem... may well be interpreted in Vietnam and Asia as an example of U.S. paying lip service to nationalist cause, and then forsaking a true nationalist leader when 'colonial interests' put enough pressure on us." Dulles 4438 to Saigon, 9 Apr 55.. 907
243. Bao Dai recommends that the U.S. agree with the French to create a "Supreme Council" or "Council of Elders" to govern in place of Diem. The Binh Xuyen could have been used in the common effort if "Diem had not bungled matters." Bao Dai cannot rule for Diem by decree and considers Diem's strength as a "mockery." Paris 4396 to Dulles, 9 Apr 55..... 910
244. Ely disagrees with the U.S. on maintaining Diem in office. The worsening situation is attributed to Diem by the French and "only by surgery, that is removal of Diem, can the country be saved." Ely feels that if Diem is retained, he could not be the responsible French representative or remain in Saigon. Saigon 4661 to Dulles (Excerpts) 19 Apr 55..... 912
245. Diem is seen as a barrier to forming an interim government and the gap between him and other elements in the society is becoming wider. The U.S., however, warns Vietnamese leaders that if Diem is removed as a "sect victory" it would be "difficult to obtain popular support in the U.S. for continuation of U.S. aid." Saigon 4662 to Dulles, 20 Apr 55..... 915
246. Diem announces to the U.S. his willingness to accept a coalition in the government but on his terms. This uncompromising attitude leads Collins to remark: "I see no alternative to the early replacement of Diem." Saigon 4663 to Dulles, 20 Apr 55..... 918
247. Conclusions and recommendations are offered as a basis for future Department of Defense positions on the subject of South Vietnam. Key recommendations made are: to determine U.S. military action within the scope of SEACDT to prevent the loss of Southeast Asia as a result of the loss of South Vietnam, and to postpone indefinitely the elections proposed by Geneva Accords for Vietnam. ISA Letter to State Department, 22 Apr 55..... 923

248. In a debriefing, General Collins is firmly convinced that it will be to the detriment of U.S. interests to continue to support Diem. ISA Memorandum, 25 April 1955..... 937
249. The U.S. tentatively proposes to maintain full support to Diem until an alternative supported by Bao Dai is developed. Dulles 4757 to Saigon, 27 April 1955..... 941
250. The State Department is being forced to take a strong stand for Diem. Senator Mansfield is a strong backer of Diem and if Diem is forced out, there will be "real difficulties on the Hill." K.T. Young Memorandum for Robertson, 30 April 1955..... 945
251. Bao Dai registers strong complaints against U.S. support of Diem, U.S. inaction which allowed the present civil strife, and against U.S. failure to urge Diem to go to France. Diem, in Bao Dai's opinion, is a "psychopath who wishes to martyrize himself." Paris 4746 to Dulles, 30 April 1955..... 948
252. It is predicted that the success of Diem against the Binh Xuyen, Bao Dai, the French and General Vy has created a potentially revolutionary situation in Vietnam and, given U.S. support and French acquiescence, Diem is expected to stabilize the situation in Saigon. SNIE 63.1-2/1-55, 2 May 1955..... 955
253. Tripartite discussions again reveal basic disagreement. The French conclude: "Diem is a bad choice...without him some solution might be possible but with him there is none...What would you say if we [France] were to retire entirely from Indochina..." SECTO 8, 8 May 1955..... 959
254. The French are increasingly bitter toward Diem and convinced he must go. Steps are suggested to reconstitute a joint Franco-American approach to the situation. Among these are steps to reduce the French garrison in Saigon, replace Ely, and form a course of action after the crisis is over which persuades Diem to reorganize his government or else get rid of him. Saigon 5074 to Dulles, 8 May 1955..... 967
255. The JCS reject both alternatives suggested by Dulles as solutions to the Vietnam problem. The JCS recommend that Dulles be advised that Diem shows the most promise for achieving internal stability, that the U.S. cannot guarantee security of French nationals, and that U.S. actions under SEATO could possibly replace FEC presence. JCS Memorandum for Secretary of Defense, 9 May 1955..... 971

256. A move to deal with Diem to protect French civilians in order to get the French to withdraw "would clearly disengage us from the taint of colonialism..."
General Bonesteel Memorandum, 9 May 1955..... 975
257. The recommendations of the report of the Military Staff Planners Conference, SEACDT and the recommended JCS actions are summarized. The basic report is omitted. See Document 257, page
JCS Memorandum for Secretary of Defense, 2 June 1955..... 976
258. The NSC recommends and President Eisenhower approves that NSC recommendations as to U.S. policy on all Vietnam elections are not required and that in the event of renewal of Communist hostilities U.S. policy would be governed by NSC 5429/5. Memorandum for the NSC (NSC 1415), 13 June 1955..... 984
259. A summary of those portions of the Report of the Staff Planners Conference which have political significance are forwarded to the Secretary of State. The parts summarized concern terms of reference for military advisors organization to SEACDT, measures for improving defensive effectiveness through mutual aid and self-help, signal communications, and future organizational structure. JCS Memorandum for Secretary of Defense, 1 July 1955..... 985
260. In probable developments before July 1956, North Vietnam (DRV), though confronted by serious economic problems, will consolidate its control north of the 17th parallel. The DRV army has increased in strength but will probably not attack Laos before mid-1956. Tactics are likely to include activation of guerrilla units in South Vietnam and their reinforcement by infiltration from the North. NIE 63.1-55, 19 July 1955..... 993
261. The consequences of selected U.S. courses of action are estimated in the event of Viet Minh aggression against South Vietnam. While overt aggression is unlikely, U.S. efforts at undertaking other steps to convince the Viet Minh that aggression will be met with intervention are expected to render overt aggression even less likely. Failure to intervene however, could signal an expanded Communist Chinese effort in Asia. SNIE 63.1-4-55, 13 September 1955..... 997

262. The JCS assess the implications of U.S. military operations to repulse and punish overt Viet Minh aggression or to destroy Viet Minh forces and take control of North Vietnam in the event of renewed hostilities. Secretary of Defense Memorandum for NSC, 15 September 1955..... 1001
263. The State Department relates the political actions necessary under a deterrent strategy and in a situation of overt Viet Minh aggression. In either situation, the U.S. has to provide substantial economic assistance. State Department Draft Study, 6 October 1955..... 1016
264. The Staff Planners conclude that the successful defense of South Vietnam, Laos and Cambodia is wholly dependent on timely deployment of SEATO forces, an unlikely event, or on the use of nuclear weapons to reduce force requirements. Other conclusions and recommendations are made which deal with overt attacks, combating subversion, logistics, and psychological warfare. SEACDT Military Staff Planners Conference, 16 November 1955..... 1020
265. Asian members of SEATO are pressuring for a "permanent SEATO Council and Military Staff organization." The U.S. position to avoid such a commitment is rapidly becoming untenable. The Asian signatories to SEACDT are losing faith in SEATO as a deterrent for communist expansion. ISA Memorandum for Secretary of Navy, 16 December 1955..... 1043

266. ISA proposes a letter be sent to Secretary Dulles requesting additional U.S. personnel be sent to Vietnam to protect against vast losses of MDAP equipment and to arrange with the French for implementing the Collins-Ely agreement. Secretary of Defense Letter to Secretary of State, 31 January 1956..... 1046
267. The position of the government of South Vietnam is appreciably stronger than it was a year, or even six months ago. New crises are expected in 1956, in view of the CHICOM request for reconvening Geneva, the absence of election prospects, and increased opposition to Diem. Intelligence Brief No. 1876, 7 February 1956..... 1048
268. The President approves the statement on basic national security policy which has as its objective the preservation of U.S. security. The basic threat is posed by hostile policies and power of the Soviet-Communist Bloc; and the basic problem is to meet and reduce the threat without undermining the fundamental U.S. institutions or economy. NSC 5602/1, 15 March 1956..... 1051

WHY THE UNITED STATES ISSUED A UNILATERAL DECLARATION INSTEAD OF SIGNING THE 1954 ACCORDS ON INDOCHINA

Secretary of State Dulles was utterly unwilling to consider signing accords on Indochina of the type concluded at Geneva in 1954. Signing of the Accords, therefore, was never an alternative in his mind, to issuing a unilateral declaration. On the contrary, the unilateral declaration was a substitute, suggested by the desperate French leaders as the most that they could obtain from the United States, for a partial or complete American withdrawal from the Geneva proceedings and for disassociation from the Indochina settlement.

To understand the American position at the time of the Accords, it is necessary to trace the evolution of our policy from the time, in 1953, when Dulles reacted negatively to suggestions for negotiations on the Indochina problem. Dulles told the French at that time that negotiations with no other alternative usually ended in capitulation. Then in 1954, after joining reluctantly in the four-power decision to hold the Geneva talks on Indochina, he pressed hard for action to strengthen the Western hand--above all, for swift establishment of a coalition to meet the Communist threat in Southeast Asia. Furthermore, the United States limited its role in the Indochina talks to that of an "interested" nation, as distinct from the role of a belligerent or of a "principal" in the negotiations, and it determined to dissociate itself from any disadvantageous solution. The United States battled British inclinations to accept a solution involving the partition of Vietnam and, in the instructions to the American Delegate, Under Secretary Walter Bedell Smith, said that it would approve no armistice or other agreement which would have the effect of "subverting the existing lawful governments ... or of permanently impairing their territorial integrity or of placing in jeopardy the forces of the French Union in Indochina." Beyond this, when the Geneva conferees turned to the discussion of control machinery for an Indochina settlement, Dulles rejected the idea of American participation in a guarantee of the settlement because, as he put it, this would commit the United States to sustaining Communist domination of territory and thus would cut across "our basic principles for dealing with the communist world". (This was presumably a reference to the Republican goal of "liberating" the captive nations of Eastern Europe.)

As the Geneva Conference proceeded, however, Secretary Dulles somewhat eased his opposition to a solution involving partition. As early as June 9 he agreed with Smith that the deteriorating military situation might lead to de facto partition, though he wanted the United States to try to avoid being identified with such a result. Later he told Foreign Secretary Eden that it would be difficult for the United States to guarantee a Communist success in north Vietnam or anywhere else but that it could perhaps acquiesce in a settlement which it disliked but would not upset by force. Accordingly, the United States and Britain informed France in a joint message that they would "respect" an armistice agreement meeting seven specified criteria, including the preservation of "at least the southern half of Vietnam, and if possible an enclave in the Delta".

Fearing that a settlement would be reached which did not meet the seven criteria listed in the Anglo-American message, the United States in July contemplated the alternatives of completely withdrawing from the Conference or of participating in lower key and with a lower level of representation (i.e., with Ambassador U. Alexis Johnson as the top American Delegate instead of Under Secretary Smith). Explaining the American position, Dulles told Eden and Mendes-France that the United States could not be put in the position of apparently approving the sale of Vietnam, Laos, and Cambodia into Communist captivity in a settlement which would be portrayed as a second Yalta. At the same time, he said, the United States did not question France's right to exercise its own judgment and did not wish to put itself in the position of seeming to pass "moral judgment upon French action" or of disassociating itself from the settlement "at a moment and under circumstances which might be unnecessarily dramatic."

Mendes-France, however, fervently urged that Dulles or Smith head the American Delegation even at the risk of having to disavow the settlement. All he asked, he said, was that the United States make a unilateral statement that it would take action if the Communists broke a settlement based on the seven points. Dulles felt that such a statement would pose no problem. He agreed to a Franco-American Position Paper, in which the British concurred, incorporating the understanding that if a settlement were reached which the United States could respect, then the United States would express its position "unilaterally or in association only with non-Communist states". It was on the basis of the understandings in the Position Paper that the United States issued its unilateral declaration on July 21, 1954.

Attached hereto is an Annex which summarizes the six points in the Franco-American Position Paper.

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Annex

SUMMARY OF POINTS IN FRANCO-AMERICAN POSITION PAPER OF JULY 14, 1954

1. France and the Associated States were the countries primarily interested in the Geneva Conference, while the chief interest of the United States was that of a friendly nation which desired to help in arriving at a just settlement.

2. France believed that a settlement based on the seven points, acceptable both to itself and to the Associated States, could be obtained; the United States was prepared to "respect" these terms, but France would neither ask nor expect this Government to respect terms which in its judgment "materially" differed, and the United States might publicly dissociate itself from a different settlement.

3. If the United States could respect a settlement, its position would be expressed "unilaterally or in association only with non-Communist states in terms which apply to the situation the principles of non-use of force ... in Articles 2 (4) and (6) of the Charter of the United Nations."

4. The United States would "seek, with other interested nations, a collective defense association designed to preserve, against direct and indirect aggression, the integrity of the non-Communist areas of Southeast Asia following any settlement."

5. If there were no settlement, the two countries would "consult together on the measures to be taken", and the United States could take the question to the United Nations if it so desired.

6. France reaffirmed the "principle of independence for the Associated States in equal and voluntary association as members of the French Union".

Jul 30, 1954

MEMORANDUM FOR THE SECRETARY OF THE ARMY
THE SECRETARY OF THE NAVY
THE SECRETARY OF THE AIR FORCE
THE JOINT CHIEFS OF STAFF

SUBJECT: Possible Use of ROK Forces in Indochina

1. At its meeting on 22 July 1954, the National Security Council (NSC Action No. 1178) adopted the recommendation of the Joint Chiefs of Staff, concurred in by the Secretary of Defense, that the present U. S. policy with respect to the possible use of ROK forces in Indochina (NSC Action No. 1054-b) not be changed at this time, but be kept under review in the light of future developments.

2. The above action, as approved by the President, is transmitted for your general information.

SIGNATURE AUTHENTICATED BY:

LESLIE R. KYLE, 1st Lt, AGC
Correspondence Control Section
Office of the Administrative Secretary
cc: ASD (International Security Affairs) (2)
Director, Office of Special Operations

Signed

C. E. WILSON

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Department of State

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Following is text of statement mentioned in immediately preceding
cable:

QTE French Requests Involving Possible United States
Belligerency in Indochina

The United States had made clear that it would take a grave view of open
Chinese Communist aggression in Indochina.

[Here come quotes from Eisenhower's speech of April 16, 1953 and
Dulles' speech of September 2, 1953]

That latter statement had been made after prior discussion with the French
Ambassador in Washington.

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However, the foregoing statements, while they were intended to, and
did in fact, deter open military aggression by Communist China in Indochina,
did not fully meet the French preoccupations, as the situation developed in
relation to Dien Bien Phu.

1. On March 23, 1953, General Ely, French Chief-of-Staff, called upon
Secretary of State Dulles to express appreciation for the sympathetic

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reception which he had had in this country in discussing the military problems of Indochina. In the course of the conversation, General Ely raised specifically the question of whether if MIGs from Communist China were to intervene in the battle of Dien Bien Phu, United States air power would in turn intervene to protect the French aircraft which were supplying Dien Bien Phu and which would be helpless against MIGs. The Secretary of State stated that he could not give, at once a definitive answer to so serious a question. However, he pointed out that before the United States intervened as a belligerent, it would doubtless wish to take into account all relevant factors including the fact that such intervention could not be looked upon as an isolated act. Any such armed intervention would commit the prestige of the United States and would require it to follow through to a military success. This in turn involved political as well as military factors and called for a partnership understanding on the part of those concerned, which among other things should insure the patriotic participation of the local population and their effective military mobilization and training.

General Ely's request was not pursued and there was not, in fact, any air intervention from Communist China.

2. During the night of April 4, 1954, at Paris, the French Prime Minister and French Minister of Foreign Affairs asked United States Ambassador Dillon to meet with them and they expressed to him their opinion that immediate armed intervention at Dien Bien Phu by United States carrier-based aircraft would be

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[necessary to save that situation.

The United States Ambassador at once reported this opinion to the Department of State and Secretary Dulles immediately replied through the United States Ambassador substantially as follows:

"As I personally explained to General Ely at a conference at which Admiral Radford was present, it would not be possible for the United States to become a belligerent in Indochina without a full political understanding with France and other countries. In addition it would be necessary that Congress should act. I have confirmed this position with the President. The Executive is prepared to consider united action in Indochina. However, such action is impossible except on a coalition basis which would include active participation of British Commonwealth countries, in view of their great stake in Malaya, Australia, and New Zealand."

3. On April 23, 1954, during the course of a NATO Ministerial Council meeting in Paris, attended by Secretary of State Dulles, the French Foreign Minister showed Secretary Dulles a military report from Indochina which stated that it might be necessary to seek a cease fire unless there were immediate and massive air support by the United States, which it was thought might still save Dien Bien Phu.

The next day, April 24, Secretary Dulles, after consulting on military aspects with Admiral Radford, the United States Chairman of the Joint Chiefs of Staff who

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was then in Paris, advised the French Foreign Minister substantially as follows:

"We have considered this matter most carefully.

"The situation with regard to our participation is the same as when I spoke with you on April 14. Under the circumstances, we should first need Congressional authorization for any such war action. This cannot be obtained in a matter of hours, nor do I think it can be obtained at all unless it is within the framework of a political understanding which would include other nations directly and vitally interested in Southeast Asia.

"I may add that I have received military advice which indicates that at this stage even a massive air attack will not assure the lifting of the siege of Dien Bien Phu."

The foregoing are the three occasions when French officials suggested United States armed intervention in Indochina.

United States Parallel Efforts for "United Action"

During this March-June 1954 period, the United States was seeking to develop the possibilities of collective action in the Southeast Asia area, on a basis which would fairly reflect the free world interests which were involved.

[Here come quotes from public speeches]

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With the ~~intensification~~ of the Communist effort following the Berlin decision of February 18, 1954, it seemed to the United States more than ever important to develop a united front as a counterweight to the probability of intensified effort

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of the Communist Vietminh, and increased material support to them from Communist China.

The following are steps by the United States in pursuance of this policy:

1. On March 23, 1954, Secretary Dulles met with the House Foreign Affairs Committee and discussed the desirability of publicly calling for united action in the Southeast Asia area. He invited and received suggestions from the Committee members in this respect. Thereupon, under the direction of the President, he drafted a statement on this subject which he then discussed with various Senators of both Parties. He then showed the proposed draft to the Ambassadors of certain other countries principally involved and learned that their governments, without commital, saw no objection to the proposed statement. The statement was then incorporated in a speech in New York on March 29. In that speech the Secretary of State reviewed the threatening situation in Indochina and noted the steps which the United States had taken to assist in the situation. He ~~also~~ cited the President's view (April 16, 1953) that the Korean armistice would be a fraud if it merely released aggressive armies for attack elsewhere and recalled his statement (September 2, 1953) "that if Red China sent its own army into Indochina that would result in grave consequences which might not be confined to Indochina." The Secretary went on to say that

"Under the conditions of today the imposition of Southeast Asia of the political system of Communist Russia and its Chinese Communist

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ally, by whatever means, would be a grave threat to the whole of the free community. The United States feels that that possibility should not be passively accepted, but should be met by united action. This might involve serious risks. But these risks are far less than those which will face us a few years from now, if we dare not be resolute today."

2. Upon his return from New York, the Secretary of State thereupon conferred further and on a broader basis with Ambassadors of countries which might be interested in "united action" to save Southeast Asia from Communist domination.

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3. On April 3, 1954, the Secretary of State and Admiral Radford met with a group of Congressional leaders to review the situation in Indochina and the possible course of United States action with respect to it. It was the sense of the meeting that the United States should not intervene alone but should attempt to secure the cooperation of other free nations concerned in Southeast Asia, and that if such cooperation could be assured, it was probable that the United States Congress would authorize United States participation in such "united action."

4. On April 4, 1954, the President met during the evening at the White House with a group of his advisers, following which communication was made to the Governments of the United Kingdom and of France inviting their prompt cooperation in organizing "united action" in relation to Indochina and Southeast Asia. This led to invitations from the British and French Governments to Secretary of State Dulles to come personally to London and Paris respectively to discuss the matter.

5. Between April 4 to 9, 1954, the Secretary of State and other high State Department officers consulted in Washington with the diplomatic representatives of Great Britain, France, Australia, New Zealand, Philippines, Thailand, Vietnam, Laos and Cambodia. Other Asia governments were kept informed.

The Governments of Thailand and of the Philippines promptly indicated their willingness to join in united action in Indochina and other Ambassadors

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~~Indicated their willingness to participate in Indochina and other~~

~~Amembassy~~ indicated that they thought their governments would be sympathetic to the idea.

6. On April 10, 1954, Secretary of State Dulles left for London and Paris for direct personal discussions with the British and French Governments.

On April 13, 1954, at London, after conferences with Mr. Anthony Eden, the British Secretary of State for Foreign Affairs, and with Prime Minister Churchill, Secretary Dulles and Mr. Eden issued a joint statement which said:

"Accordingly, we are ready to take part, with the other countries principally concerned, in an examination of the possibility of establishing a collective defense within the framework of the Charter of the United Nations, to assure the peace, security and freedom of Southeast Asia and the Western ~~Europe~~ Pacific.

"It is our hope that the Geneva Conference will lead to the restoration of peace in Indochina. We believe that the prospect of establishing a unity of defensive purpose throughout Southeast Asia and the Western Pacific will contribute to an honorable peace in Indochina."

7. On April 13 Secretary Dulles went to Paris and after discussions during that day and the next with the French President of the Council and with the French Foreign Minister, a joint statement was issued which said among other things:

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"We recognize that the prolongation of the war in Indochina, which endangers the security of the countries immediately affected, also threatens the entire area of Southeast Asia and of the Western Pacific. In close association with other interested nations, we will examine the possibility of establishing, within the framework of the United Nations Charter, a collective defense to assure the peace, security and freedom of this area."

8. Following the return of Secretary of State Dulles to the United States, the Department of State, in pursuance of its understanding of the foregoing, proposed that the diplomatic representatives at Washington of France, Cambodia, Australia, Great Britain, Laos, New Zealand, the Philippines, Thailand and Vietnam call on him on April 20, 1954 to examine the possibility of establishing the collective defense within the framework of the United Nations Charter to secure the peace, security and freedom of Southeast Asia and the Western Pacific. However, the British Ambassador informed the Secretary of State that the British Government felt that it was premature to hold such a meeting.

9. Subsequently, the Government of the United Kingdom explained to the United States and to the House of Commons its view that no concrete steps should be taken to organize "united action" until the outcome of the Geneva Conference in relation to Indochina were clearer.

10. On May 7, 1954, Dien Bien Phu fell to the ~~XXXXXXX~~ Vietminh Communist attackers.

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11. On May 8, 1954, the Geneva Conference held its first plenary session on Indochina.

12. At this point, the French Government indicated that it would like to discuss comprehensively with the United States Government the political and military conditions which would enable the United States to intervene militarily in Indochina. The French Government was thereupon promptly advised through the United States Ambassador in Paris (May 11, 1954) that the President would be disposed to ask Congress for authority to use the armed forces of the United States in the area to support friendly and recognized governments against aggression or armed subversion promoted from without, provided certain conditions were met. The conditions then defined were subsequently summarized by Secretary Dulles in his June 11, 1954, address at Los Angeles as follows:

"(1) an invitation from the present lawful authorities; (2) clear assurances of complete independence to Laos, Cambodia, and Viet-Nam; (3) evidence of concern by the United Nations; (4) a joining in the collective effort of some of the other nations of the area; and (5) assurance that France will not itself withdraw from the battle until it is won."

With reference to (5), the precise United States suggestion was that the French Government should not withdraw its forces during the period of the "united action", so that the forces from the United States -- which it

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was then thought would be principally but not exclusively air and sea forces -- and forces from other participating countries, would be supplementary to, and not in substitution for, the existing forces in the area.

13. On the basis of the foregoing, there occurred discussions at Paris; as to which other interested governments were kept generally informed by the United States.

14. The possibility of "united action" in the fighting in Indochina lapsed with the June 20, 1954, decision of the French Government to obtain a cease-fire in Indochina, a result which was arrived at by the Geneva Conference agreements of July 20, 21, 1954. UNQTE

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POST-GENEVA OUTLOOK IN INDOCHINA

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The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 3 August 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff; The Director of Intelligence, AEC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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POST-GENEVA OUTLOOK IN INDOCHINA

THE PROBLEM

To assess the probable outlook in Indochina in the light of the agreements reached at the Geneva conference.

CONCLUSIONS

1. The signing of the agreements at Geneva has accorded international recognition to Communist military and political power in Indochina and has given that power a defined geographic base.
2. We believe that the Communists will not give up their objective of securing control of all Indochina but will, without violating the armistice to the extent of launching an armed invasion to the south or west, pursue their objective by political, psychological, and paramilitary means.
3. We believe the Communists will consolidate control over North Vietnam with little difficulty. Present indications are that the Viet Minh will pursue a moderate political program, which together with its strong military posture, will be calculated to make that regime appeal to the nationalist feelings of the Vietnamese population generally. It is possible, however, that the Viet Minh may find it desirable or necessary to adopt a strongly repressive domestic program which would diminish its appeal in South Vietnam. In any event, from its new territorial base, the Viet Minh will intensify Communist activities throughout Indochina.
4. Although it is possible that the French and Vietnamese, even with firm support from the US and other powers, may be able to establish a strong regime in South Vietnam, we believe that the chances for this development are poor and, moreover, that the situation is more likely to continue to deteriorate progressively over the next year. It is even possible that, at some time during the next two years, the South Vietnam Government could be taken over by elements that would seek unification with the North even at the expense of Communist domination. If the scheduled national elections are held in July 1956, and if the Viet Minh does not prejudice its political prospects, the Viet Minh will almost certainly win.
5. The ability of the Laotian Government to retain control in Laos will depend upon developments in South Vietnam and upon the receipt of French military and other assistance. Even with such assistance, however, Laos will be faced by a growing Communist threat which might result in the overthrow of the present government through subversion or elections, and in any case would be greatly intensified if all

Vietnam were to fall under Communist control.

6. We believe that if adequate outside assistance is made available, the Cambodian Government will probably increase its effectiveness and the effective-

ness of its internal security forces and will be able to suppress Communist guerrilla activity and to counter Communist political activity. The situation in Cambodia would probably deteriorate, however, if a Communist government should emerge in Laos or South Vietnam.

DISCUSSION

I. THE CURRENT SITUATION

General

7. The signing of the agreements at Geneva has ended large-scale warfare in Indochina and has affirmed the independence of Laos and Cambodia. It has, on the other hand, accorded international recognition to Communist military and political power in Indochina and has given that power a defined geographic base. Finally, the agreements have dealt a blow to the prestige of the Western Powers and particularly of France.

North Vietnam

8. The Viet Minh has emerged from Geneva with international recognition and with greatly enhanced power and prestige in Indochina. The Viet Minh leaders, while admitting that their ultimate objectives may have been temporarily compromised "for the sake of peace," are acclaiming the agreements as denoting a major victory and ensuring the eventual reunification of all Vietnam under Communist aegis. Ho Chi-Minh is generally regarded as the man who liberated Tonkin from 70 years of French rule. The Viet Minh has initiated a program to absorb presently French-controlled areas in the Tonkin Delta.

South Vietnam

9. In South Vietnam, the agreements and the fact of the imposed partition have engendered an atmosphere of frustration and disillusionment, which has been compounded by widespread uncertainty as to French and US intentions. The present political leadership appears to retain the passive support of the

more important nationalist organizations and individuals. However, the government's already weak administrative base has been further dislocated, and it has only uncertain assurances of continued outside military and financial support. Mutual jealousies and a lack of a single policy continue to divide Vietnamese politicians. Moreover, certain pro-French elements are seeking the overthrow of the Diem government with the apparent support of French colonial interests anxious to retain their control.

10. The North Vietnam population is somewhat greater than the South Vietnam population and, in any event, the loss of the Tonkin Delta has deprived South Vietnam of the most energetic and nationalist segment of the population. Although South Vietnam has the capability for agricultural self-sufficiency, the principal industrial establishments and fuel and mineral resources are located in North Vietnam.

11. Provided that the terms of the cease-fire agreement are observed, the combined French-Vietnamese forces in South Vietnam now have the capability of maintaining internal security.

Laos

12. The relatively stable internal situation in Laos, which in the past has depended upon French support, remains essentially unchanged. The Laotian Army is poorly armed and trained and, without the support of French forces and advisers, does not have the capability to maintain internal security. Moreover, "Pathet Lao" Communists continue to have *de facto* control of two northern

provinces adjoining the Communist-controlled areas of Northern Vietnam. Furthermore, the Geneva agreements give members of the "Pathet Lao" movement freedom of political action throughout Laos.

Cambodia

13. The internal Cambodian situation, except for sharp political rivalries among leading Cambodians, is at present relatively stable. Non-Communist dissidence appears to have abated and the principal dissident leader, Son Ngoc Thanh, no longer poses any real threat to the government. The King retains widespread popular support for having obtained a large degree of effective independence from the French and for having safeguarded Cambodia's integrity at Geneva. Although the Communists are permitted freedom of political action in Cambodia, they have only a minimum appeal. The Cambodian forces, although somewhat weakened by the withdrawal of French forces, have the capability of dealing with current Communist subversive action.

II. OUTLOOK IN INDOCHINA

General Considerations

14. The Geneva agreements, although precise and detailed concerning the time and place of troop redeployments and related matters, are imprecise about matters pertaining to future military aid and training. Moreover, the agreements are vague with respect to political matters. Details on the implementation of national elections are left for the interested parties to determine. Except for such influence as may be exerted by the presence of supervisory teams from India, Canada, and Poland, there is no provision for forcing the parties concerned to implement or adhere to the agreements.

15. The course of future developments will be determined less by the Geneva agreements than by the relative capabilities and actions of the Communist and non-Communist entities in Indochina, and of interested outside powers.

16. *Communist policy.* Communist willingness to reach agreement for an armistice in

Indochina, at a time when prolongation of the conflict could have produced a steadily deteriorating situation in Indochina, was probably derived in substantial part from the Communist estimate that: (a) an effort to win a total military victory in Indochina might precipitate US military intervention, and (b) the objective of gaining political control over all Indochina could be achieved as a result of the armistice agreement. The Communists also apparently believed that an attitude of "reasonableness" and the acceptance of an armistice in Indochina would contribute to the realization of their objective to undermine western efforts to develop an effective military coalition. They probably consider, therefore, that a deliberate resumption of large-scale military operations from their zone in the north would negate the political and psychological advantages the Communists have gained by negotiating a settlement and could involve grave risk of expanded war.

17. In the light of these considerations, we believe that the broad outlines of Communist policy in Indochina will be to: (a) refrain from deliberately taking major military action to break the armistice agreement while seeking to gain every advantage in the implementation of the agreements; (b) consolidate the Communist political, military, and economic position in North Vietnam; (c) conduct intensive political warfare against non-Communist Indochinese governments and people; (d) work for the ultimate removal of all Western influence, particularly French and US, from Indochina; and (e) emphasize and exploit issues in Indochina which will create and intensify divisions among non-Communist countries. In sum, we believe that the Communists will not give up their objective of securing control of all Indochina but will, without violating the armistice to the extent of launching an armed invasion to the south or west, pursue their objective by political, psychological, and paramilitary means.

18. *French policy.* It is impossible at this time to predict even the broad outlines of French policy in Indochina. The following appear to be the main alternatives:

a. Grant of complete political independence to the Indochina states, accompanied by an attempt to organize strong political regimes in those states. We believe that the French might be persuaded to adopt this policy by strong US-UK pressure, together with economic and military assistance to France and a guarantee of the defense of the free areas of Indochina against further Communist military attack.

b. Continuation of French Union ties with the non-Communist Indochinese states, with indirect French political controls and French economic domination. We believe that French policy may proceed along these lines if the French estimate that: (1) the Communists will follow a conciliatory policy in Indochina; (2) the non-Communist leadership will offer very little difficulty; and (3) the US and UK will not exert pressure toward a grant of full independence to the Indochinese states.

c. Some form of agreement with the Viet Minh providing for expediting elections and achieving a unification of Vietnam. The French might be inclined to follow this line if the Viet Minh held out promises of the maintenance of French economic and cultural interests, and of the continuance of some form of association of the unified Vietnamese state with France.

d. Withdrawal of all French military, administrative, and economic support from Indochina. We believe that this would occur only in the event of a hopeless deterioration of political, military, and economic conditions in the area.

19. *International policies.* The political survival of the Indochinese states is endangered not only by the threat of external Communist attack and internal Communist subversion, but also by their own inherent inexperience, immaturity, and weakness. We believe that without outside support the Indochinese states cannot become strong enough to withstand Communist pressures. The course of developments in Indochina will be largely influenced by the attitudes and policies of other powers. In general, we believe that in the absence of firm support from the US, the non-

Communist states of Indochina cannot long remain non-Communist. If they are given opportunity, guidance, and material help in building national states, they may be able to attain viability. We believe that the energy and resourcefulness necessary for this achievement will not arise spontaneously among the non-Communist Indochinese but will have to be sponsored and nurtured from without.

Outlook in Vietnam

20. *Outlook in North Vietnam.* Communist activities in North Vietnam will be concentrated upon consolidation of Communist control, with their efforts in this respect probably appearing moderate at the outset. The Viet Minh will probably emphasize social and economic reforms and the participation of all political, economic, and religious groups in state activity. At the same time, Viet Minh cadres will establish themselves throughout the Delta, will begin the process of neutralizing all effective opposition groups, will undertake the usual Communist program of popular indoctrination, and will prepare for the election scheduled in July 1956. We believe the Communists will be able to achieve the consolidation of North Vietnam with little difficulty.

21. We believe that the Viet Minh will continue to develop their armed forces. Although the armistice provisions forbid the Viet Minh from increasing their supply of arms, we believe they will covertly strengthen and possibly expand their armed forces with Chinese Communist aid. Viet Minh forces will almost certainly continue to receive training in China.

22. Thus established firmly in North Vietnam, the Viet Minh regime will probably retain and may increase its symbolic attraction as the base of Vietnamese national independence. Its methods of consolidating control will probably continue for some time to be moderate, and, its internal program together with its military power, will be calculated to make the regime attractive to the remaining peoples of Indochina. It is possible, however, that the Viet Minh may find it desirable or necessary

to adopt a strongly repressive domestic program which would prejudice its psychological appeal and political prospects. Barring such repressive Viet Minh policies, the unification issue will continue to be exploited to Communist advantage throughout Vietnam. Meanwhile, the Viet Minh regime will continue to strengthen the Communist underground apparatus in South Vietnam, Laos, and Cambodia, aware that significant Communist gains in any one of these countries will strengthen the Communist movement in the others. It will seek to develop strong overt Communist political groups where possible and will generally use all available means towards the eventual unification of the country under Communist control.

23. *Outlook in South Vietnam.* We believe that the Viet Minh will seek to retain sizeable military and political assets in South Vietnam. Although the agreements provide for the removal to the north of all Viet Minh forces, many of the regular and irregular Viet Minh soldiers now in the south are natives of the area, and large numbers of them will probably cache their arms and remain in South Vietnam. In addition, Viet Minh administrative cadres have been in firm control of several large areas in central and south Vietnam for several years. These cadres will probably remain in place. French and Vietnamese efforts to deal with "stay-behind" military and administrative units and personnel will be greatly hampered by armistice provisions guaranteeing the security of pre-armistice dissidents from reprisals.

24. The severe problem of establishing and maintaining security in South Vietnam will probably be increased by certain provisions of the Geneva agreements which prohibit the import of arms and military equipment, except as replacements, and the introduction of additional foreign military personnel, the establishment of new military bases, and military alliances. These provisions limit the development of a Vietnamese national army to such numbers as may be equipped by stocks evacuated from Tonkin, plus stocks now held in Saigon. However, in the last analysis,

Vietnamese security will be determined by the degree of French protection and assistance in the development of a national army, the energy with which the Vietnamese themselves attack the problem, and by the will of the non-Communist powers to provide South Vietnam with effective guarantees.

25. In addition to the activities of stay-behind military and administrative groups, the Viet Minh will make a major effort to discredit any South Vietnam administration, and to exacerbate French-Vietnamese relations, and appeal to the feeling for national unification which will almost certainly continue strong among the South Vietnamese population. The Communist goal will be to cause the collapse of any non-Communist efforts to stabilize the situation in South Vietnam, and thus to leave North Vietnam the only visible foundation on which to re-establish Vietnamese unity. French and anti-Communist Vietnamese efforts to counter the Viet Minh unity appeal and Communist subversive activities will be complicated at the outset by the strong resentment of Vietnamese nationalists over the partitioning of Vietnam and the abandoning of Tonkin to Communist control. It may be difficult to convince many Vietnamese troops, political leaders, and administrative personnel in Tonkin to go south, let alone to assist actively in the development of an effective administration in South Vietnam.

26. Developments in South Vietnam will also depend in large part on French courses of action. Prospects for stability in South Vietnam would be considerably enhanced if the French acted swiftly to insure Vietnam full independence and to encourage strong nationalist leadership. If this were done, anti-French nationalist activity might be lessened. With French military and economic assistance — backed by US aid — the Vietnamese could proceed to develop gradually an effective security force, local government organization, and a long-range program for economic and social reform. Nevertheless, it will be very difficult for the French to furnish the degree of assistance which will be required without at the same time reviving anti-French feeling to the point of endangering the whole effort.

(3)

27. On the basis of the evidence we have at this early date, however, we believe that a favorable development of the situation in South Vietnam is unlikely. Unless Mendès-France is able to overcome the force of French traditional interests and emotions which have in the past governed the implementation of policy in Indochina, we do not believe there will be the dramatic transformation in French policy necessary to win the active loyalty and support of the local population for a South Vietnam Government. At the present time, it appears more likely that the situation will deteriorate in South Vietnam and that the withdrawal from Tonkin will involve recriminations, distrust, and possibly violence. There will be delays in the development of effective administration in the south; the French military will probably be forced to retain a large measure of control for reasons of "security"; and efforts by French colonial interests to develop a puppet Cochinchina state will persist. It is even possible that at some point during the next two years the South Vietnam Government could be taken over by elements that would seek unification with the Viet Minh in the North even at the expense of Communist domination. Even if "If the scheduled national elections are held in July 1956, and if the Viet Minh does not prejudice its political prospects, the Viet Minh will almost certainly win."

28. In the interim, Viet Minh propaganda will find ample opportunities to influence Vietnamese attitudes. Within a year, Viet Minh stay-behind units will probably be active politically, and possibly involved in open guerrilla fighting. In these circumstances, the French will probably be able to maintain their "presence" in South Vietnam through mid-1956, but their influence will probably become increasingly restricted to major cities and the perimeters of military installations and bases. The French might be willing to resolve this situation by an arrangement with the Communists which seemed to offer a chance of saving some remnant of the French economic and cultural position in Vietnam. Such an arrangement might include an agreement to hold early elections, even with the virtual certainty of Viet Minh victory. Only if such an

arrangement proved impossible, and the situation deteriorated to the point of hopelessness, would the French withdraw completely from the country.

Outlook in Laos

29. Providing the French maintain the 5,000 troops in Laos which the Geneva agreements permit them, and continue to develop the Laotian forces, the Royal Laotian Government should be able to improve its security forces and, excluding the two northern provinces, to deal with isolated, small-scale Communist guerrilla actions. Also, providing the Laotians continue to receive French and US technical and financial assistance, they probably will be able to maintain an adequate government administration. There is nothing in the Geneva agreements to prevent Laos from becoming a member of a defense arrangement so long as no foreign troops other than specified French personnel are based in Laos.

30. However, if the French for any reason decide not to maintain their troops nor to continue military training in Laos, it will be impossible for the non-Communist powers to provide effective aid to the Laotians without reaching the Geneva agreement. At the same time, Laos will be faced with a growing Communist threat, and the freedom of political action permitted members of the Pathet Lao movement, strengthened by support from the Viet Minh, may result in the overthrow of the present government through subversion or elections. Finally, further successes for the Viet Minh in Vietnam will have an immediate adverse effect on the situation in Laos.

Outlook in Cambodia

31. We believe that the Communists, in withdrawing organized units from Cambodia, will leave behind organizers, guerrilla leaders, and weapons. Initially, the Communists will probably minimize guerrilla action in order to concentrate on building their political potential in Cambodia.

32. Providing the withdrawal of the Communists is substantially in accord with the agree-

ment, the development of stability in Cambodia during the next year or so will depend largely on two interrelated factors: (a) the ability of the Cambodians to develop effective government and internal security forces; and (b) the ability of the Cambodians to obtain external technical and financial assistance. There is no prohibition in the Geneva agreements against Cambodia's obtaining outside assistance to develop its defense forces or on joining a defensive alliance, providing the latter is in consonance with the UN Charter and that no foreign troops are based in Cambodia in the absence of a threat to Cambodian se-

curity. If adequate outside assistance is made available, the Cambodians will probably increase the effectiveness both of their government and their internal security forces, and will be able to suppress Communist guerrilla activity and to counter Communist political activity. The efforts of the Cambodians to strengthen their position would probably be more energetic if their independence were guaranteed by some regional defense arrangement. The situation in Cambodia would deteriorate gravely, however, if a Communist government should emerge in Laos or South Vietnam.

ACCORDING TO

1.

Rec'd: August 4, 1954

11 a.m.
Bureau of
FAR EASTERN AFFAIRS
AUG 5 1954
AUG 1954
Department of State

Date of Birth: 1944

NO: 481, August 4, noon

4, noon
 Letter Office Symbol 450

SENT DEPARTMENT 48F; REPEATED INFORMATION SAIGON 44.

During weekend conversation with La Chambre, I had opportunity for full and frank discussion regarding his views of Diem government. La Chambre feels future Vietnamese Government must:

- (1) Be fully representative of population in Southern Vietnam;
- (2) Be prepared to initiate and carry out agricultural reform (redistribution of land) very promptly, and
- (3) Be prepared to depose Bao Dai and create a republic when appropriate during coming months. He feels that Diem government does not (repeat not) qualify on any of these three points but also feels that Diem is valuable for his high moral character and should definitely be a member of any future Vietnamese Government if Diem should be successful in making his peace with the sects in the south and should obtain their support. La Chambre said there would be no (repeat no) objection to his staying on as Prime Minister, provided he would also act on points 2 and 3 above. La Chambre said his information was that Diem would not (repeat not) be able to obtain the cooperation and support of the populace of South Vietnam, and that, because of his Mandarin background, would oppose both agricultural reform and the deposition of Bao Dai. Therefore, La Chambre feels that a new government will be required if there is to be any chance of winning the coming election. La Chambre said that he favored Tam as the head of the new government and hoped that Diem would stay on as Minister of the Interior to control the police or as Minister of Defense. La Chambre also hopes that Buu Loc will join the new government as he would be helpful when the time came to depose Bao Dai.

Regarding timing, there apparently is nothing immediate in the air. La Chambre plans to spend September in Indochina and wants to look situation over there before any action is taken.

La Chambre feels Diem will be helpful during evacuation of the north and will help to get refugees to move to the south. My own guess is that there will be no (repeat no) change until November at the earliest. I also assume that if change is decided

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upon

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INCOMING
TELEGRAM

-2- 481, August 4, noon, from Paris CN 1346.

upon at that time it will be effectuated by Bao Dai. La Chambre said specifically that there could be no (repeat no) action on the deposition of Bao Dai until a broadly based government supported by all factions had been established in Southern Vietnam.

DIILLON

MAM:HER/5

DEPARTMENT OF STATE

1954 AUG 5 AM 7 05

BUREAU OF
FAR EASTERN AFFAIRS

THE JOINT CHIEFS OF STAFF

Washington 25, D.C.

4 August 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: U.S. Assumption of Training
Responsibilities in Indochina

1. It has been recommended by the Chief MAAG Indochina that the United States assume responsibility for the training of the Vietnamese Army. There are indications that both the Vietnamese and the Cambodian governments may request that the United States assume responsibility for training their forces as part of any U.S. effort to check further expansion of Communist influence in Indochina.

2. The Joint Chiefs of Staff have considered this question and recommend that before the United States assumes responsibility for training the forces of any of the Associated States certain preconditions which are essential to the success of this effort be met. They include the following:

a. From the military point of view it is absolutely essential that there be a reasonably strong, stable civil government in control. It is hopeless to expect a U.S. military training mission to achieve success unless the nation concerned is able effectively to perform those governmental functions essential to the successful raising and maintenance of armed forces, to include the provision of adequate facilities, drafting and processing of personnel, pay of troops, etc. Unless the foregoing conditions prevail, a U.S. training mission would lack the authority and governmental support essential to the successful accomplishment of its mission.

b. The government of each of the Associated States concerned should formally request that the United States assume responsibility for training their forces and providing the military equipment, financial assistance, and political advice necessary to insure internal stability.

c. Arrangements should be made with the French granting full independence to the Associated States and providing for the phased, orderly withdrawal of French

forces, French officials, and French advisors from Indochina in order to provide motivation and a sound basis for the establishment of national armed forces. The United States from the beginning should insist on dealing directly with the governments of the respective Associated States, completely independent of French participation or control.

d. The size and composition of the forces of each of the Associated States should be dictated by the local military requirements and the over-all U.S. interests.

3. The Joint Chiefs of Staff recommend that you approve the foregoing position, and inform the Department of State of the views of the Department of Defense concerning the assumption by the United States of training responsibilities in Indochina.

For the Joint Chiefs of Staff:



N. F. TWINING,

Chief of Staff, United States Air Force.

INCOMING TELEGRAM

Department of State

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FROM: Saigon

TO: Secretary of State

NO: MG 3024 A, August 8 (Army Message)

PRIORITY

FROM: CHMAAG SAIGON TO: DEPTAR INFO SECDEF, SECSTATE, JCS, CINCPAC, AMEMBASSY SAIGON

Have prepared study here our point of view US part future Vietnam including estimate situation and concept operation in substance following:

Mission: Establish political psychological, military, economic courses action for adoption by US to insure Free Vietnam survival as nation. Develop Vietnam as effective barrier continued Communist expansion as nation.

Concept operation depends fulfilling following primary conditions;

Financial material and personnel support by US as required; successful execution this program and open cooperation French Government; Vietnamese acceptance US assistance; active support US program within Free Vietnam means.

With indispensable support defined above, concept embraces US advisors and operation agencies assist Free Vietnam all echelons and in all functional activities. Generally every key Free Vietnam official and government agency will alongside one or more US specialists for steering in discharge responsibilities, all with French concurrence.

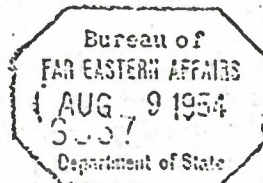
NSC establish national policies, et cetera, US Embassy Saigon implementing agency through country team. US Embassy Saigon, GHQ under command of Ambassador for direction activities required under this plan. Following tasks be accomplished:

A. Political, psychological. US to use its own interpretation of the French Vietnam cease-fire agreement to provide all possible freedom relations with Vietnam. US must undertake major political psychological action re France, SE Asia and Vietnam. By agreements US assume dominant role cooperation with France and Vietnam to develop strong viable Vietnam. By

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US political

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Rec'd: August 8, 1954
2:28 p.m.



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-2- MG 3024 A, August 8 (Army Message), from Saigon.

US political psychological actions re SE Asia produce strong positive support from nations having primary interest SE Asia. Develop strong democratic state oriented toward West. By persuading Government Vietnam to announce complete independence, and for French to announce date of withdrawal French forces and date Vietnam becomes entirely free. Detailed implementation above included in plan.

B. Military establish sound realistic modern system national military service. Specialists from US selective service employed this effort. Evaluate and establish sound personal policies. Establish national intelligence agency and other intelligence programs all fields. Study and reorganize Defense Ministry and Armed Forces. Establish for each military service streamlined and highly effective training organization to include staff training and field training agencies, develop division training camps, RTC, et cetera. Logistics development. Signal development. Budget and fiscal development. Develop independent Vietnam army of divisional-sized units.

C. Naval and air establish sound economic program to provide for realistic development resources including rebuilding railroads, developing highway system, agrarian reforms, housing construction, schools, development sanitation and hygiene.

We believe such plan last resort solution on salvaging remaining Vietnam and offer it for consideration in formulation US policy for SE Asia. Ambassador concurs. Ambassador generally concurs with objectives above outline and with my analysis situation. He approves entire report as a timely, useful initial plan, although he has reservation as to some of methods proposed, as he doubts necessity of US to become quite so far involved in operation of this government except on military training side. Comment: I feel this is war in every sense. Wartime methods, therefore, are in order all fields until emergency passed.

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Department of State

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S/S

FROM: Paris

fo

TO: Secretary of State

NO: 558, August 9, 7 p.m.

PRIORITY

EYES ONLY SECRETARY

New information which has just come to my attention makes me feel that it is imperative to obtain concurrence or acquiescence of Schumann and Bidault prior to publication of statement on Indochina. When Joyce showed proposed statement to Margerie, Margerie commented that the record seemed to be accurate as far as it went but that it omitted all mention of your offer of atomic bombs to Bidault. He said you had made this offer to Bidault during a private conversation which took place during an intermission of one of the formal talks at the Quai d'Orsay, which were held during your visit here en route to Geneva.

Joyce asked Margerie if this "offer" was not perhaps merely a speculation as to whether atomic bombs could be useful at Dien Bien Phu. Margerie said "No". He further said that Bidault told him and La Tournelle about your offer immediately after he finished talking with you and that Bidault had the distinct impression that you were suggesting the use of atomic bombs which were to be given by the US to the French. According to Margerie Bidault was much upset about this offer and felt that the use of atomic bombs would have done no good tactically and would have lost all support for the west throughout Asia. Our judgment is that Margerie fears that if Bidault should feel that publication of the statement as drafted placed him in unfavorable light and indicated that he favored continuation of the fighting and was not doing his best to obtain a settlement, he might respond by publicizing his version of the conversation regarding atom bombs and might attempt to take credit for having prevented their use after it had been suggested by US. I would hope to avoid any such eventuality by prior clearance of statement with Schumann and Bidault.

I do not believe that Bidault would resort to any such irresponsible tactic which would damage interests of free world and prestige of US but we must nevertheless bear in mind that he is ill, nervous hypersensitive and bitter.

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Department of State

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1954 AUG 9 PM 7 31

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TELEGRAM 511

INDICATE: ☐ COUNCIL
☐ CHARGE TO

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SENT TO: Amembassy PARIS PRIORITY 501

EYES ONLY AMBASSADOR FROM SECRETARY

Am totally mystified by your 558. Have no recollection whatever of alleged

offer, our notes of conversation do not reflect mention of subject, and it is incredible that I should have made offer since the law categorically forbids it as was indeed well known not only to me but to Bidault because it had been discussed at NATO meetings.

I recall that at the restricted NATO meeting on 23 April 1954 I made a statement on U.S. policy concerning use of atomic weapons, in the course of which among other things I said QTE Such weapons must now be treated as fact having become conventional UNQTE. I am wondering whether what Bidault reported was not in fact what I had said at the restricted NATO Council meeting.

See no objection to your showing statement confidentially to Schumann but we must not get maneuvered into a position where the President and I cannot respond to a Congressional request unless this is also approved by foreign governments.

Under the parliamentary system, both British and French Prime Ministers and Foreign Ministers are subjected to interrogations by Parliament

Drafts by:

Rev.

S JFDulles:ma

Telegraphic transmission and

classification approved by:

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Clearances:

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Page 2 of telegram to Amembassy PARIS

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and make answers to questions. What we propose here is our counterpart of that system. We naturally want to act with courtesy and consideration and avoid public controversy but we must not give others veto power over our relations with Congress and the public.

Dulles

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Department of State

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Rec'd: August 10, 1954
2:47 p.m.

FROM: Paris

TO: Secretary of State

NO: 576, August 10, 7 p.m.

PRIORITY

EYES ONLY SECRETARY.

At my direction, Joyce saw Margerie today and conveyed to him substance of first two paragraphs of DEPTTEL 501. He also told Margerie that he felt it was obvious that there had been a complete misunderstanding by Bidault, possibly based on language difficulties.

Margerie said that he fully agreed that there must have been such a misunderstanding. He added that he remembered April 23 very well because on that day Bidault had been ill, jittery, overwrought, and at his very worst. Margerie added that on that day Bidault had been "incoherent" to members of his own top staff. Therefore, he very readily understood how such a misunderstanding could have come about on that particular day.

Margerie said that he was very grateful that this subject had been cleared up and hoped that knowledge of this misunderstanding would be kept strictly limited. He said that he would undertake to see Bidault personally and straighten him out on this subject.

I remember Bidault's condition on that day very well myself and I am sure that it is the complete explanation for his otherwise incomprehensible misunderstanding.

I hope to be able to show statement to Schumann tomorrow. I will emphasize to him that this is being done merely as a courtesy.

In view of tense parliamentary situation here, I thoroughly agree with Parodi and Margerie that publication of statement should be postponed until after EDC debate.

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THE JOINT CHIEFS OF STAFF
Washington 25, D.C.

11 August 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Review of U.S. Policy in the
Far East - NSC 5429

1. The Joint Chiefs of Staff submit herewith their views with respect to a draft statement of policy prepared by the National Security Council Planning Board titled "Review of U.S. Policy in the Far East" (NSC 5429), which is scheduled for consideration by the National Security Council at its meeting on 12 August 1954.

2. In their memorandum for you dated 9 April 1954, subject "U.S. Strategy for Developing a Position of Military Strength in the Far East (NSC Action No. 1029-b)", the Joint Chiefs of Staff recommended that the United States formulate a comprehensive policy in which the Far East is viewed as a strategic entity and which would provide definitive direction for the development of a position of military strength in the Far East. NSC 5429 lacks a statement of United States objectives with respect to the area as a whole and broad courses of action for the achievement of such objectives, and hence does not constitute a comprehensive statement of policy as envisaged by the Joint Chiefs of Staff.

3. Accordingly, the Joint Chiefs of Staff recommend that NSC 5429 be returned to the Planning Board with appropriate guidance for derivation and exposition of U.S. objectives in the Far East and delineation of broad courses of action directed toward their attainment.

4. Specific comments of the Chief of Naval Operations, the Chief of Staff, U.S. Air Force and the Commandant of the Marine Corps on the material included in NSC 5429 follow:

"a. We concur in the view of the Defense, JCS, and ODM Members of the Planning Board, contained in the footnote on page 3 of the draft, that U.S. policy with regard to China should be considered and determined first, and that the policy with regard to the peripheral areas should be established in light of this determination.

We recommend, therefore, that when NSC 5429 is prepared in final form, Section IV, COMMUNIST CHINA, be brought forward and redesignated Section I. However, for convenient reference, we have addressed our comments to the sections of the paper in their present order.

"b. The following detailed comments are addressed to the bracketed phrases and alternative courses of action set forth in the draft statement of policy, as well as to amendments and additions which are deemed desirable. (Changes are indicated in the usual manner.)

"(1) Page 3, subparagraph 1 c and page 4, paragraph 5. No preference is expressed with respect to including or omitting the bracketed phraseology.

"(2) Page 5, subparagraph 7 a. Alternative A is favored.

REASON: It is considered that the treaty should provide for the prompt and positive application of retaliatory measures against Communist China if it is determined that Communist China is a source of armed aggression, either direct or indirect. Any more limited provision would not constitute an adequate response to the aggression.

"(3) Page 6, paragraph 8. Alternative B is considered preferable.

"(4) Page 7, subparagraph 9 f. Amend to read as follows:

'f. Continue to exploit opportunities to further U.S. long-range objectives toward uniting Vietnam under a democratic form of government.'

"(5) Page 7, subparagraph 9 g. Delete both alternatives.

REASON: In light of subparagraph 9 f, a further statement on this subject is considered unnecessary.

"(6) Page 8, subparagraph 10 d. Stationing of token forces in or around Thailand is not favored. Accordingly it is recommended that Alternative B be rejected. While there is no objection to Alternative A, the necessity for its inclusion in a statement of policy with respect to Thailand is not apparent, since the visits of United States forces to friendly countries is a routine and well-established custom.

"(7) Pages 9 through 11, paragraphs 12, 13, 14, and 15. Among the four statements of alternative courses of action with respect to Communist China adoption of Alternative C (paragraph 14), amended to read as follows, is favored:

'14. Reduce the relative power of Communist China in Asia even at the risk of, but without deliberately provoking, war:

'a. (1) React with force, if necessary and advantageous, to expansion and subversion recognizable as such, supported and supplied by Communist China.

'(2) React with immediate, positive, armed force against any belligerent move by Communist China.

'b. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries, including the progressive development of the military strength of Japan, to the point where she can provide for her own national defense and, in time, contribute to the collective defense of the Far East.

'c, d, and e. Same as 13 c, d, and e.'

REASONS: (1) Alternatives A and B would provide that the United States resort to armed action only in the event that Communist China itself committed armed aggression. Such a policy would be inadequate to cope with indirect aggression which experience indicates will be the most probable form of Chinese Communist aggression in the general area of Southeast Asia in the near future. It should be the objective of United States policy to block the further expansion of Communist China regardless of the methods by which such expansion is attempted.

(2) The proposed policy contained in Alternative D is considered to be extreme. It could hardly be expected that such a policy would receive the support of our major Allies. If adopted, it would require that the United States, in common prudence, now embark upon a major expansion of military forces, and take such other steps as are necessary to place the United States in a position to conduct large-scale military actions in the Far East. In short, the proposed policy is considered to be provocative and one which inherently would greatly increase the risk of general war.

(3) The objective set forth in Alternative C, as amended above, is consistent with previously expressed views of the Joint Chiefs of Staff. It states a definite goal and provides for a positive approach to the problem of reducing

the threat of further Chinese Communist expansion in Asia. It would provide the basis for action against indirect aggression which is lacking in both Alternatives A and B, while avoiding the more extreme measures, with their greatly enhanced risks, contained in Alternative D. Within the content of broader policies with respect to the world-wide threat of Soviet Communism, the steady and consistent application of the courses of action set forth in this alternative hold promise of achieving results advantageous to the security position of the Free World."

5. The comments of the Chief of Staff, U.S. Army on NSC 5429 follow:

"a. NSC 5429 addresses itself specifically to only the most fundamental aspects of the problem in the Far East, namely: the off-shore island chain; general political and economic measures in the Far East; negotiation of a Southeast Asia security treaty; action in the event of local subversion; policy with respect to Indochina, Thailand, Indonesia and Communist China. It is not a comprehensive review of the entire problem.

"b. Moreover, the problem confronting us in the Far East cannot be stated, except in relation to and as an element in a United States foreign policy of global scope.

"c. While I do not suggest just what such global policy should be, it seems axiomatic to me that one principal OBJECTIVE therein should be to split Communist China from the Soviet Bloc. Quite aside from the great moral issue involved in the deliberate precipitation of general war the converse of this thesis is equally applicable. From the purely military point of view we must not, by our own act, deliberately provoke war against the combined power of the Soviet Bloc and Communist China, since to do so would be to choose a war against the most potentially powerful enemy coalition with a strong probability of losing the active support of some of our present Allies. This situation would have the most dangerous possible military consequences. We may well find ourselves in such a war, but it should NOT be our choice without having FIRST, taken every feasible step to increase our readiness to meet an explosion into general war, and SECOND, having mapped out and begun an approach to the OBJECTIVE stated above.

"d. The execution of no one of the four alternative courses of action with respect to Communist China would properly serve U.S. long-range interests, nor discharge the responsibility which the American people have to mankind for leadership of the Free World. There are elements in each of these courses, which combined, could constitute a preferable and proper course of action. WE DO NOT HAVE EITHER TO APPEASE COMMUNIST CHINA (ALTERNATIVE "A") OR TO DESTROY IT (ALTERNATIVE "D").

"e. In deciding upon a course of action, the first and basic need, which I think NSC 162/2 does not meet, is for a statement in a single document of a U.S. foreign policy on a global basis, with the principal OBJECTIVES listed. Assuming that one of these would be the one stated in paragraph c above, it does not follow that its attainment requires the destruction of the military power of Communist China. In fact, I would regard the destruction of such military power as inimical to the long-range interests of the U.S. It would result in the creation of a power vacuum into which but one other nation could move, namely Soviet Russia.

"f. If then we accept the objective of splitting Red China and the USSR, the statesmanlike approach would seem to be to bring Red China to a realization that its long-range benefits derive from friendliness with America, not with the USSR, which casts acquisitive eyes on its territory and resources; that these benefits could reasonably be expected in time, if Red China would mend its ways, abjure its offensively aggressive actions toward the West, and take steps to remove the stigma of 'aggressor' with which it is now branded. The adoption of such a course of action and the employment of such measures dictate the necessity of the prompt strengthening of our military capabilities in order that American diplomacy may have that essential military support without which it cannot hope to succeed."

For the Joint Chiefs of Staff:

SECRETARY OF DEFENSE
OFFICE OF THE

SIGNED

N. F. TWining,
Chief of Staff, United States Air Force.



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

12 August 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Message to the French Prime Minister

1. This memorandum is in response to the memorandum from the Assistant Secretary of Defense (ISA), dated 11 August 1954, which requested the comments and recommendations of the Joint Chiefs of Staff with respect to a Department of State draft of a proposed message to the Prime Minister of France regarding United States policy toward Indochina.

2. In their memorandum to you dated 4 August 1954, subject: "U.S. Assumption of Training Responsibilities in Indochina", the Joint Chiefs of Staff set forth certain conditions which they considered should be met before the United States assumes responsibility for training the forces of the Associated States. Particularly pertinent to the consideration of the proposed message are two preconditions which, in substance, prescribed:

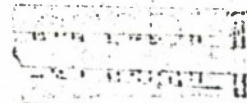
a. The existence of a reasonably strong, stable government capable of performing those functions essential to the successful raising and maintenance of its armed forces; and

b. The granting by France of full independence to the Associated States and arrangements for the eventual phased withdrawal of French forces, officials and advisers from Indochina, in order to provide motivation and a sound basis for the establishment of national armed forces.

3. The Joint Chiefs of Staff consider that neither of the above conditions can be said to exist now. The tenure of the present government in Vietnam appears to be in doubt and subject to final determination by the French as to the eventual composition of that government. Until this matter has been definitely resolved, the strength and stability of the Vietnam Government will hardly be such as to hold promise of providing the firm

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direction required for the raising and maintenance of armed forces. Unless a reasonably stable government is established, the United States training mission would lack authority and governmental support essential to the successful accomplishment of its mission.

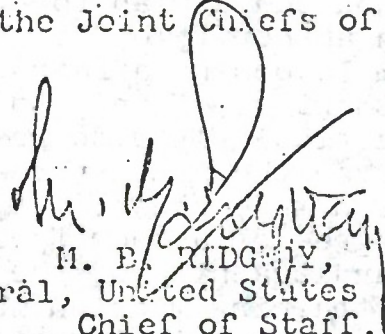
4. While the French Government has announced its intention to grant independence to the Associated States, it has not announced a plan for the scheduled relinquishment of French authority or for the withdrawal of French officials from Indochina affairs. The residual responsibility and authority, if any, to be retained by the French Government, particularly with respect to the control to be exercised over the armed forces of the Associated States, has not yet been made clear. If, in fact, the French were to retain a degree of authority and direction in the organization and training of the indigenous forces, the United States training mission would be prevented from discharging its responsibilities completely independent of French participation and control.

5. The Joint Chiefs of Staff recognize that the proposed message is not an unqualified commitment to furnish military aid or to provide training assistance to the Associated States. They are in accord with the stated purpose of the message, to reassure both the French and Associated States Governments of the United States intention to assist in preventing an eventual Communist take-over in Indochina. However, the Joint Chiefs of Staff are of the opinion that the proposed message should state in clearer terms that the final United States decision as to the extent of military aid and the assumption of responsibility for training will be contingent upon the establishment of the prerequisite conditions discussed in paragraphs 2, 3, and 4 above. As presently worded, the proposed message might convey to the French that U.S. decisions with respect to these matters have already been taken, without definite French commitments as to their intentions. Further, the Joint Chiefs of Staff feel that the message should be more specific with regard to the United States desire that its representatives deal directly with the Governments of the Associated States and that all United States military material aid should eventually be given directly to the Associated States rather than through the French Government.

6. The Joint Chiefs of Staff recommend that the substance of the foregoing views be transmitted to the

Department of State with the request that they be adequately reflected in any message to the Government of France, at this time, regarding the furnishing of military aid to the Associated States or to the assumption of training responsibilities by the United States in Indochina, and that the Joint Chiefs of Staff be given an opportunity to review the amended message.

For the Joint Chiefs of Staff:


M. B. RIDGWAY,
General, United States Army,
Chief of Staff.

Bureau of
FAR EASTERN AFFAIRS
AUG 13 1954
ASSISTANT SECRETARY
Department of State

THE SECRETARY OF DEFENSE
WASHINGTON

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Dear Mr. Secretary:

BUREAU OF
FAR EASTERN AFFAIRS

The Chief of MAAG, Indochina, has recommended that the United States assume responsibility for the training of the Vietnamese Army. As you know, representatives of the Governments of all three Associated States have, in their contacts with United States officials in Indochina, asked for United States assistance in training the indigenous forces of those States.

The Joint Chiefs of Staff have considered this question and have recommended that, before the United States undertakes the training of forces of any of the Associated States, certain preconditions essential to the success of such an effort be met. As stated by the Joint Chiefs of Staff, these preconditions include:

"From the military point of view it is absolutely essential that there be a reasonably strong, stable civil government in control. It is hopeless to expect a U.S. military training mission to achieve success unless the nation concerned is able effectively to perform those governmental functions essential to the successful raising and maintenance of armed forces, to include the provision of adequate facilities, drafting and processing of personnel, pay of troops, etc. Unless the foregoing conditions prevail, a U.S. training mission would lack the authority and governmental support essential to the successful accomplishment of its mission.

"The government of each of the Associated States concerned should formally request that the United States assume responsibility for training their forces and providing the military equipment, financial assistance, and political advice necessary to insure internal stability.

"Arrangements should be made with the French granting full independence to the Associated States and providing for the phased, orderly withdrawal of French forces, French officials, and French advisors from Indochina in order to provide motivation and a sound basis for the establishment of national armed forces. The United States from the beginning should insist on dealing directly with the governments of the respective Associated States, completely independent of French participation or control.

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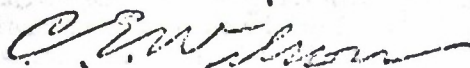
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"The size and composition of the forces of each of the Associated States should be dictated by the local military requirements and the over-all U.S. interests."

I am in general agreement with the views of the Joint Chiefs of Staff which represent the current Department of Defense position on this subject.

A point additional to those made by the Joint Chiefs of Staff is that international interpretation of the cease-fire agreement may in any event impose limitations on the extent of military training, as well as end-item assistance, that could be undertaken by the United States in Indochina.

Sincerely yours,



The Honorable

The Secretary of State

Copy to Shueh

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THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

13 August 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Report of Joint UK-US Study Group on
Southeast Asia

1. In response to your memorandum dated 22 July 1954, subject as above, the Joint Chiefs of Staff submit herewith their views, in the light of the new situation created by the recent developments in Indochina, concerning the proposed negotiation of a regional collective security treaty for the Far East. In addition to the report of the Joint UK-US Study Group on Southeast Asia and the Draft Treaty submitted by the U.S. member of the Study Group, consideration has been given to the documents furnished by memorandums by the Assistant Secretary of Defense (ISA) dated 23 July 1954 and 2 August 1954, both on the subject: "Southeast Asian Collective Defense Organization." -

2. Reference is made to the previously expressed views of the Joint Chiefs of Staff with respect to the Far East region, as set forth in their memorandum for you dated 9 April 1954, subject: "United States Strategy for Developing a Position of Military Strength in the Far East (NSC Action No. 1029-b)." In that memorandum, the Joint Chiefs of Staff stressed the need for a comprehensive policy for the Far East which would view that region as a strategic entity and which would provide definitive direction for the development of a position of military strength in that region. Cognizance was taken of the fact that, in their aggregate, current policies addressed to individual countries or segments of the general area make it clear that the United States, from the standpoint of its security interests, attaches major importance to the Far East area and would be prepared to react with military force against an armed aggression by the USSR or Communist China in that region.

3. The Joint Chiefs of Staff expressed the opinion that our Far Eastern policy should be directed toward achieving the following objectives:

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"a. Development of the purpose and capability of the non-Communist countries of the Far East to act collectively and effectively in opposing the threat of aggressive Communism.

"b. Eventual establishment of a comprehensive regional security arrangement among the non-Communist countries of the Far East, with which the United States, the United Kingdom, and possibly France, would be associated.

"c. Reduction of the power and influence of the USSR in the Far East, initially through the containment and reduction of the relative power position of Communist China, and ultimately the detachment of China from the area of Soviet Communist control."

4. In proposing courses of action for the accomplishment of these objectives, the Joint Chiefs of Staff recommended that the United States (a) be prepared to prevent further territorial expansion by the Chinese Communists, (b) retain freedom of action to apply counteraction, as appropriate, against the source of any aggression, and (c) foster a system of treaties which would lead eventually to a comprehensive and cohesive security arrangement in the Far East area.

5. At the time these views were expressed, France was maintaining a position of considerable military strength in Indochina, and the Associated States were counted among those countries which could make a substantial contribution to the aggregate of non-Communist military strength in the general area. As the result of the Geneva agreement, the military position of France and the Associated States is considerably altered. There is some evidence that France intends to withdraw the bulk of her ground forces from Indochina, leaving behind only a token force to conduct training of the armies of the Associated States. It is now unlikely that the previously anticipated military potential of the Associated States can be realized. Additionally, the Communists have now gained a psychological and military victory of far-reaching effect, have substantially augmented their manpower, have acquired important new food resources, and have expanded the territory under their military control. These altered conditions do not change the basic objectives which our security interests require that we seek in the Far East, but they do have a considerable influence upon the measures required for the achievement of those objectives.

6. The Joint Chiefs of Staff are of the opinion that the recent developments in Geneva and Indochina, considered in conjunction with the general retrograde trend within the Western bloc, serve to increase the urgency of the need for a comprehensive United States policy with respect to the Far East region as a whole, in order to give direction, cohesiveness, and greater effectiveness to the political and military actions which must now be taken to prevent the loss of the remainder of Southeast Asia to Communist control. It is considered that until the United States formulates and adopts such an over-all policy we shall be severely handicapped in any negotiations for the establishment of a collective defense in the general area of Southeast Asia and the Southwest Pacific. Before the provisions of an acceptable security treaty can be finally drafted, it would appear necessary that certain basic decisions be made with respect to how far the United States is willing to go, in concert with all or certain of the non-Communist nations having interests in the Far East or, if necessary, unilaterally, in opposing further Communist accretions in the area under consideration.

7. Similarly, basic decisions would appear to be requisite to the adoption of interim courses of action designed to check the momentum created by recent Communist successes, and to provide for coordinated action pending the formalization of a collective security arrangement for the Far East region.

8. Viewing the immediate problem of treaty negotiations within this context, the Joint Chiefs of Staff recognize that the United States was publicly committed to the sponsoring and support of a collective security arrangement for Southeast Asia even before the collapse of the French effort in Indochina, but they have serious misgivings concerning the military provisions of such a pact lest they imply commitments which the United States would not be able to meet. Failure to satisfy the expectations of the signatories in the matter of military aid could, in turn, result in the alienation of friendly governments rather than the acquisition of new allies.

9. Subject to the comments set forth below, some of which are made by way of emphasis of points in the reports of the UK-US Study Group, the Joint Chiefs of Staff are in general agreement with the position taken by the United States side of the Group. The real evaluation of the product of the Study Group will, of course, depend upon the manner in which the differences in the United States and United Kingdom positions are resolved.

10. It is the judgment of the Joint Chiefs of Staff that a Southeast Asia defense treaty should incorporate provisions responsive to the following considerations having military aspects.

a. The clear purpose of the treaty should be to form a collective security arrangement to deter and, if possible, prevent any further extension of Communist control, by whatever means, within the general area of Southeast Asia and the Southwest Pacific.

b. The initial membership should be limited to those nations willing to join in the type of organization which can be effective in accomplishing the purpose set forth in a above.

c. The treaty should provide for the future accession of other powers having interests in the Far East which may subsequently desire to join. (It is considered that the pact should ultimately include Japan, Korea, and possibly Nationalist China.)

d. There should be no built-in power of veto. The treaty provisions should permit concerted action by a lesser number than the total of the signatory nations in the event that the political or territorial integrity of any signatory is threatened by Communist aggression in any form.

e. Careful consideration should be given to the practicability and desirability of providing voting machinery in the governing council which would preclude the possibility that, at some time in the future when the membership is expanded, a bloc of "neutrals" or a British Commonwealth bloc could exercise a controlling voice.

f. The treaty should establish the moral justification and provide the political framework and necessary machinery within which and by which any act of overt Communist aggression could be met by prompt military counteraction, not excluding military action against the real source of the aggression.

g. Paragraph 2, Article III, of the Draft Security Treaty is addressed to indirect aggression, the most likely and insidious form of Communist aggression. The treaty should specifically provide that any further extension of Communist control through infiltration or subversion, or through any other indirect means, should as in the case of overt aggression, be met by prompt and appropriate counteraction.

h. It should be made clear in the preliminary negotiations and in the provisions of the treaty itself that no commitment by the United States to support the raising, equipping, and maintenance of indigenous forces and/or to deploy United States forces in such strengths as to provide for an effective defense of all of the national territory of each signatory is implied or intended. Military aid by the United States to the Southeast Asian countries who are members of the pact should be limited to that necessary to permit the countries concerned to raise, equip, and maintain military forces as necessary to insure internal stability, to contribute toward a reasonably effective opposition to any attempted invasion, and to instill national confidence.

i. It should be made equally clear that the treaty would not commit the United States to a large-scale program of economic aid to the signatory countries in lieu of military aid since, in the final analysis, funds for economic aid must come from the total amount of money available for the national security programs of the United States.

11. The Joint Chiefs of Staff concur in the view that, having in mind the length of time required for a treaty to be negotiated and ratified, an interim statement of intent to conclude a treaty establishing a collective security arrangement in the Far East should be issued jointly by those countries which intend to become founder members of such a treaty. The draft statement of intent furnished to the Joint Chiefs of Staff for comment by the memorandum by the Assistant Secretary of Defense (ISA) dated 2 August 1954, is considered to be satisfactory from the military point of view. It is suggested, however, that it would be prudent to withhold any formal declaration of intent until substantial agreement has been reached with the United Kingdom as to the principal provisions of a treaty.

12. The Joint Chiefs of Staff concur in the opinion that the security treaty itself should be drafted by a working group representing all of the probable initial signatories. Subject to the comments contained hereinbefore, the informal and unofficial first United States draft, furnished by your memorandum for the Joint Chiefs of Staff dated 22 July 1954, is considered to be satisfactory as a point of departure. However, several of the technical points raised by the United Kingdom side of the Study Group appear to merit favorable consideration.

13. It would appear desirable to keep the Japanese Government advised as to the progress of treaty negotiations.

14. It is recommended that the foregoing views be given due consideration in the formulation of the Department of Defense position in connection with further negotiations concerning a collective security organization for the general area of Southeast Asia and the Southwest Pacific.

15. It is requested that the Joint Chiefs of Staff be afforded additional opportunities, as appropriate, to submit comments concerning the draft treaty in the course of its development.

For the Joint Chiefs of Staff:

/s/

M. B. RIDGWAY,
General, United States Army,
Chief of Staff.

Aug 17 1954

Dear Mr. Secretary:

I refer to the Draft Southeast Asia Collective Security Treaty, copies of which were made available to the Department of Defense by the Department of State. The Joint Chiefs of Staff have expressed their views on the draft submitted by the United States member of the Joint US-UK Study Group on Indochina. The comments of the Department of Defense are made in light of the views of the Joint Chiefs of Staff and in consideration of a revised version of the draft Treaty contained in SEAP U-2/1, dated 5 August 1954.

The Department of Defense considers that the revised draft Treaty is generally satisfactory subject to the following comments:

a. In order to strengthen provisions of the Treaty which permit protection to be extended to countries of the area not participating in the Treaty, the word "general" before "area of Southeast Asia and the Southwest Pacific" should be added in paragraph four of the preamble as well as in paragraph one of Article IV.

b. The Department of Defense believes that in further negotiations, both preliminary and at the time of the meeting of the Ministers, it should be made clear that no commitments by the United States to support the raising, equipping, and maintenance of indigenous forces and/or to deploy United States forces in such strengths as to provide for an effective defense of all of the national territory of each signatory is implied or intended. Military aid by the United States to the Southeast Asian countries who are members of the pact would be limited to that necessary to permit the countries concerned to raise, equip, and maintain military forces as necessary to insure internal stability, to provide a reasonably effective opposition to any attempted invasions, and to instill national confidence. This is consistent with the views expressed at our meeting on 24 July 1954, and in your message No. 589 to London dated 29 July 1954.

c. It should equally be made clear that the treaty would not commit the United States to a large-scale program of economic aid to the signatory countries in lieu of military aid since, in the final analysis, funds for economic aid must come from the total amount of money available for the national security programs of the United States.

d. It is the view of the Department of Defense that if the Treaty is ultimately to result in the development of effective collective strength to halt further Communist control in the general area of Southeast Asia and the Southwest Pacific, those nations in the area which are potentially capable of making a substantial military contribution, i.e., Japan, Korea, and possibly Nationalist China, should eventually be permitted to subscribe to the Treaty if they so desire. Accordingly, this point should be made clear to the other signatories in the negotiations leading to the signing of the Treaty.

The Department of Defense considers that it would be premature and undesirable to discuss, either at the meeting of Ministers or before, the formation of an organization associating the military representatives of the participating nations. The Council and the political machinery of the Treaty should be established first. This could be followed by the creation of military machinery necessary to make the Treaty effective. In the view of this Department such military coordination should be similar to the ANZUS arrangements.

It is recognized that it is not feasible to include in the Treaty itself details relating to implementation of the provisions by the Parties. However, the Department of Defense strongly urges that in the formulation of implementing procedures by the Council, the United States take a position in support of permitting concerted action by a lesser number than the total of the signatory nations in the event that the political or territorial integrity of any signatory is threatened by Communist aggression in any form. In addition, careful consideration should be given to the practicability and desirability of providing voting machinery in the Council which would preclude the possibility that, at some time in the future when the membership is expanded, a bloc of "neutrals" or a British Commonwealth bloc could exercise a controlling voice.

The Joint Chiefs of Staff have expressed the opinion, with which I fully concur, that the recent developments in Geneva and Indochina, considered in conjunction with the general retrograde trend within the Western Bloc, serve to increase the urgency of the need for a comprehensive United States policy with respect to the Far East region as a whole. This is necessary in order to give direction, cohesiveness, and greater effectiveness to the political and military actions which must now be taken to prevent the loss of the remainder of Southeast Asia to Communist control. It is considered that until the United States formulates and adopts such an over-all policy we shall be severely handicapped in any negotiations for the establishment of a collective

defense in the general area of Southeast Asia and the Southwest Pacific. It would appear necessary that certain basic decisions be made with respect to how far the United States is willing to go in concert with all or certain of the non-Communist nations having interests in the Far East or, if necessary, unilaterally, in opposing further Communist accretions in the area under consideration.

Sincerely yours,

Signed/C.E. Wilson

The Honorable

The Secretary of State

cc: Sec/State
JCS
OMA (L/Col Alden)
Army CS (L/Col Queenin)
Mr. Sullivan

Cys 1&2 - State
3- JCS
Advance cys: 4- Mr. Sullivan
5- OMA (LColAlden)
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9- R&C, 10-Chron, 11-Holdback

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Aug 18, 1954

Dear Mr. Secretary:

I have received your letter of August 12, 1954, setting forth the views of the Joint Chiefs of Staff on requests from the Governments of the Associated States of Indochina for United States assistance in training the indigenous forces of these states. The Joint Chiefs of Staff established four preconditions for United States participation in such a training program and you add the further consideration that an international interpretation of the cease-fire agreement may in any event impose limitations on the extent of military training, as well as end item assistance, that could be undertaken by the United States in Indochina.

The first precondition of the Joint Chiefs is that there be a reasonably strong, stable civil government in control of the Indochinese states requesting United States assistance. This condition applies to the Government of Cambodia which is strong, stable and enjoys the whole-hearted loyalty of the population. A similar situation likewise exists in Laos but there, because of the restrictive terms of the cease-fire agreement and likewise because the Laotian Government has never made a request for U.S. training assistance, the problem does not arise. In the case of Free Viet Nam, the civil government, which has been under the presidency of Mr. Ngo Dinh Diem for only slightly more than a month, is far from strong or stable. However, we are currently perfecting measures which may assist that Government rapidly to increase the effectiveness of its administration. I should like to point out that one of the most efficient means of enabling the Vietnamese Government to become strong is to assist it in reorganizing the National Army and in training that army. This is, of course, the familiar hen-and-egg argument as to which comes first but I would respectfully submit that the U.S. could profitably undertake two courses of action in Free

Viet Nam:

The Honorable
Charles E. Wilson,
Secretary of Defense.

Viet Nam: one, to strengthen the government by means of a political and economic nature and the other, to bolster that government by strengthening the army which supports it.

The second precondition established by the Joint Chiefs is that the Governments of the Associated States should formally request that the U.S. assume responsibility for training their forces and providing military equipment. As indicated above the Government of Laos has made no such request and does not contemplate one. However, the Government of Viet Nam, in a letter from Prime Minister Prince Buu Loo to the American Charge d'Affaires dated June 28, 1954, did request that MAAG Saigon participate in troop training and requested U.S. assistance in providing adequate armament and in financing a proposed expanded troop base. In the case of Cambodia, the Cambodian Minister of National Defense, General Mhek Tiouloung in a letter dated May 20, 1954, addressed to General John W. O'Donnell, Chief of MAAG Saigon, stated that the Royal Khmer Government was anxious to complete plans to set up in the minimum of time three divisions according to the methods of accelerated instruction used in Korea, on condition that the U.S. Government assured the Cambodian Government of indispensable financial and materiel support.

The third precondition of the Joint Chiefs calls for arrangements with the French guaranteeing full independence to the Associated States and providing for the phased withdrawal of French forces, French officials, and French advisors from Indochina in order to provide motivation and a sound basis for the establishment of National armed forces.

The case of Laos may be set aside since Laos has not requested U.S. assistance and under the terms of its military agreement with France is required to look to France for aid in training and other purposes. Furthermore, under the terms of the cease-fire agreement Laos is estopped from introducing foreign military personnel other than "a specified number of French military personnel required for the training of the Laotian National Army."

In the case of Cambodia, de facto full independence already exists. Likewise during 1953 and early 1954 command of the Royal Khmer Army was handed over to the King of Cambodia and French forces have been entirely withdrawn from Cambodian soil. There is a minimum of French advisors still attached to the Royal Khmer Army.

In the case of Viet Nam, practically the entire French Expeditionary Corps still remains in that country. It would be militarily disastrous to demand the withdrawal of French forces from Free Viet Nam before the

creation

creation of a new National Army. However, as seen from this Department, there would seem to be no insuperable objection to the U.S. undertaking a training program for the Vietnamese National Army while at the same time the French forces commence a gradual phasing out from that theater.

As for the point you raised regarding the limitations of the Geneva settlement, in the view of this Department there is a limitation on the degree to which the Vietnamese armed forces can be increased. However, in my opinion, there is no provision of the cease-fire agreement regarding Viet Nam which would prevent the existing MAAG Saigon from undertaking a training mission or which would impede MAAG Saigon from rotating existing personnel to bring in number for number new personnel especially versed in military training.

In the case of Cambodia there is no obstacle whatever to the setting up of a U.S. training mission. The cease-fire agreement affecting Cambodia provides in Chapter III Article 7 that the Royal Government of Cambodia will not solicit foreign aid in war materiel, personnel or instructors except for the purpose of effective defense of the territory. This latter clause makes it entirely possible for the Cambodian Government to request a foreign training mission and for the U.S., if it so desires, to provide such a mission. In the opinion of this Department, it would be most helpful to the furtherance of our national policy in Indochina if the U.S. should reply affirmatively to the letter of the Defense Minister cited above, and it is recommended that the Joint Chiefs give their consent to the establishment of a MAAG/Phnom Penh which would provide both training and logistical assistance to the Royal Khmer Army. The Department of State likewise feels that sympathetic consideration should be given to the establishment of a training mission in MAAG Saigon to assist in the development of an effective Vietnamese National Army.

Sincerely yours,

/s/

John Foster Dulles

STATEMENT OF POLICY
by the
NATIONAL SECURITY COUNCIL

on

REVIEW OF U.S. POLICY IN THE FAR EAST

PREFACE

Consequences of the Geneva Conference

Communist successes in Indochina, culminating in the agreement reached at the Geneva Conference, have produced the following significant consequences which jeopardize the security interests of the U.S. in the Far East and increase Communist strength there:

a. Regardless of the fate of South Vietnam, Laos and Cambodia, the Communists have secured possession of an advance salient in Vietnam from which military and non-military pressures can be mounted against adjacent and more remote non-Communist areas.

b. The loss of prestige in Asia suffered by the U.S. as a backer of the French and the Bao Dai Government will raise further doubts in Asia concerning U.S. leadership and the ability of the U.S. to check the further expansion of Communism in Asia. Furthermore, U.S. prestige will inescapably be associated with subsequent developments in Southeast Asia.

c. By adopting an appearance of moderation at Geneva and taking credit for the cessation of hostilities in Indochina, the Communists will be in a better position to exploit their political strategy of imputing to the United States motives of extremism, belligerency, and opposition to co-existence seeking thereby to alienate the U.S. from its allies. The Communists thus have a basis for sharply accentuating their "peace propaganda" and "peace program" in Asia in an attempt to allay fears of Communist expansionist policy and to establish closer relations with the nations of free Asia.

d. The Communists have increased their military and political prestige in Asia and their capacity for expanding Communist influence by exploiting political and economic weakness and instability in the countries of free Asia without resort to armed attack.

e. The loss of Southeast Asia would imperil retention of Japan as a key element in the off-shore island chain.

COURSES OF ACTION

I. COMMUNIST CHINA*

1. Reduce the power of Communist China in Asia even at the risk of, but without deliberately provoking, war:

a. (1) React with force, if necessary and advantageous, to expansion and subversion recognizable as such, supported and supplied by Communist China.

(2) React with immediate, positive, armed force against any belligerent move by Communist China.

b. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries, including the progressive development of the military strength of Japan to the point where she can provide for her own national defense and, in time, contribute to the collective defense of the Far East.

c. Maintain political and economic pressures against Communist China, including the existing embargo and support for Chinese Nationalist harassing actions.

d. Support the Chinese National Government on Formosa as the Government of China and the representative of China in all UN agencies.

e. Create internal division in the Chinese Communist regime and impair Sino-Soviet relations by all feasible overt and covert means.

* Section I is to be considered as a basis for further consideration in the light of a review by the Secretary of State and report to the Council within approximately one month.

II. THE OFF-SHORE ISLAND CHAIN

2. The United States must maintain the security and increase the strength of the Pacific off-shore island chain (Japan, Ryukyus, Formosa, Philippines, Australia and New Zealand) as an element essential to U. S. security. To this end:

a. Initiate and support appropriate measures which will contribute to strengthening the economy of Japan, its internal political stability and its ties with the free world.

b. Increase the military strength of Japan and the Philippines, improve the effectiveness of existing military strength of the Republic of Korea and of Formosa, and continue participation in ANZUS.

c. Provide related economic assistance to the local governments in those cases where the agreed level of indigenous military strength is beyond the capacity of the local economy to support.

d. Encourage the conditions which will make possible the formation of, and be prepared to participate in, a Western Pacific collective defense arrangement, including the Philippines, Japan, the Republic of China, and the Republic of Korea, eventually linked with the Southeast Asia security structure and ANZUS.

e. Intensify covert and psychological actions to strengthen the orientation of these countries toward the free world.

III. GENERAL POLITICAL AND ECONOMIC
MEASURES IN THE FAR EAST*

3. Encourage the prompt organization of an economic grouping by the maximum number of free Asian states, including Japan and as many of the Colombo Powers as possible, based on self-help and mutual aid, and the participation and support (including substantial financial assistance) of the U. S. and other appropriate Western countries through which, by united action, these free Asian states will be enabled more effectively to achieve the economic and social strength needed to maintain their independence.

4. Take all feasible measures to increase the opportunities of free Asian countries for trade with each other and with other free world countries.

5. Provide technical assistance to help develop political stability and economic health.

6. Develop and make more effective information, cultural, education and exchange programs for the countries concerned.

IV. SOUTHEAST ASIA

7. General. The U. S. must protect its position and restore its prestige in the Far East by a new initiative in Southeast Asia, where the situation must be stabilized as soon as possible to prevent further losses to Communism through (1) creeping expansion and subversion, or (2) overt aggression.

8. Security Treaty. Negotiate a Southeast Asia security treaty with the UK, Australia, New Zealand, France, the Philippines, Thailand and, as appropriate, other free South and Southeast Asian countries willing to participate, which would:

a. Commit each member to treat an armed attack on the agreed area (including Laos, Cambodia and South Vietnam) as dangerous to its own peace, safety and vital interests, and to act promptly to meet the common danger in accordance with its own constitutional processes.

b. Provide so far as possible a legal basis to the President to order attack on Communist China in the event it commits such armed aggression which endangers the peace, safety and vital interests of the United States.

c. Ensure that, in such event, other nations would be obligated in accordance with the treaty to support such U. S. action.

d. Not limit U. S. freedom to use nuclear weapons, or involve a U. S. commitment for local defense or for stationing U. S. forces in Southeast Asia.

The U. S. would continue to provide limited military assistance and training missions, wherever possible, to the states of Southeast Asia in order to bolster their will to fight, to stabilize legal governments, and to assist them in controlling subversion.

9. Action in the Event of Local Subversion. If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the U. S. should view such a situation so gravely that, in addition to giving all possible covert and overt support within Executive Branch authority, the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary

and feasible include the use of U. S. military forces either locally or against the external source of such subversion or rebellion (including Communist China if determined to be the source).

10. Indochina: Political and Covert Action.

a. Make every possible effort, not openly inconsistent with the U. S. position as to the armistice agreements, to defeat Communist subversion and influence, to maintain and support friendly non-Communist governments in Cambodia and Laos, to maintain a friendly non-Communist South Vietnam, and to prevent a Communist victory through all-Vietnam elections.

b. Urge that the French promptly recognize and deal with Cambodia, Laos and free Vietnam as independent sovereign nations.

c. Strengthen U. S. representation and deal directly, wherever advantageous to the U. S., with the governments of Cambodia, Laos and free Vietnam.

d. Working through the French only insofar as necessary, assist Cambodia, Laos and free Vietnam to maintain (1) military forces necessary for internal security and (2) economic conditions conducive to the maintenance and strength of non-Communist regimes and comparing favorably with those in adjacent Communist areas.

e. Aid emigration from North Vietnam and resettlement of peoples unwilling to remain under Communist rule.

f. Exploit available means to make more difficult the control by the Viet Minh of North Vietnam.

g. Exploit available means to prevent North Vietnam from becoming permanently incorporated in the Soviet bloc, using as feasible and desirable consular relations and non-strategic trade.

h. Conduct covert operations on a large and effective scale in support of the foregoing policies.

11. Thailand.

a. Provide military assistance sufficient to increase the strength of indigenous forces, thereby helping to control local subversion, and to make easier clear identification of instances of overt aggression.

b. Provide economic assistance conducive to the maintenance and strength of a non-Communist regime.

c. Concentrate efforts on developing Thailand as a support of U. S. objectives in the area and as the focal point of U. S. covert and psychological operations in Southeast Asia.

12. Indonesia. Reaffirm existing policy in NSC 171/1, subject to:

a. In lieu of paragraph 19 substitute "Continue efforts to influence Indonesian government officials to oppose Communist infiltration and subversion."

b. In lieu of paragraph 21 substitute "Take appropriate actions to strengthen friendly relations between Indonesia and the United States."

ANNEX A

FAR EAST
Proposed Assistance Programmed for FY 1954 - FY 1955
(Millions of Dollars)

COUNTRY	FY 1954			FY 1955		
	MILITARY	ECONOMIC	OTHER b)	TOTAL	MILITARY	ECONOMIC: OTHER b)
Associated States	c)	a)	d)	a)		
	1,093.0	25.0	.5	1,118.5	1,108.5	21.0
Burma	--	--	3.0	3.0	--	.5
Korea	326.0	82.0	.3	408.3	108.0	63.0
Indonesia	--	--	3.5	3.5	--	5.1
Japan	77.6	(10.0)	2.7	80.3	102.1	--
Korea	5.3	320.1	.6	326.0	5.4	252.0
Malaya	--	--	1.5	1.5	--	1.5
Philippines	7.7	15.0	1.7	24.4	4.4	12.4
Thailand	41.7	--	9.9	51.6	17.7	--
TOTALS	1,551.3	442.1	23.7	2,017.1	1,346.1	348.4
						33.7
						1,728.2

FY 1954 and FY 1955 TOTAL - \$3,745.3

SPECIAL NOTES: a) Programmed amounts are from FY 1955 Congressional Presentations of the Foreign Operations Administration, U. S. Information Agency, and the Educational Exchange Division of the Department of State, made prior to the conclusion of the Geneva Conference.
b) Funds which might become available from the sale of U. S. surplus agricultural commodities are not included.

c) Direct U. S. Department of Defense expenditures in the area, which have an important effect on the economy of each country are in addition to the above programmed amounts.

FOOTNOTES:

- a) "Economic" includes Economic Assistance and Mutual Defense Support.
- b) "Other" includes Technical Assistance, Information Services and Educational Exchange.
- c) This amount includes: Mutual Defense Assistance - \$348 million and Direct Forces Support - \$745 million.
- d) This amount was programmed prior to the Indochina Armistice as: Mutual Defense Assistance - \$308 million and Direct Forces Support - \$800 million. A similar amount has been requested of the Congress for support of U. S. policy in the general area.
- e) The Technical Assistance for Burma was terminated on June 30, 1954 when the deliveries made from contracts placed in prior years were completed. The termination was made at the request of the Burmese Government.
- f) This amount includes: Mutual Defense Assistance - \$296 million and Direct Forces Support - \$30 million.
- g) This amount includes: Mutual Defense Assistance - \$83 million and Direct Forces Support - \$25 million.
- h) This does not include material already transferred or to be transferred from the Department of Defense FECOM Reserve. As of March 31, 1954, materiel with a replacement value of \$400 million was earmarked for transfer.
- i) This amount is to be financed by sales proceeds under Section 550 of the Mutual Security Act of 1953, as amended.
- j) This figure represents only the costs for training Koreans in the U. S. The bulk of U. S. assistance to Korea is provided directly by the Department of Defense through Defense appropriations. Such direct military assistance, not included in the figures above, were approximately \$500 million in FY 1954 and should be approximately \$400 million in FY 1955.

k). This amount represents all funds expended under the Korean Relief and Rehabilitation Program.

l). This amount includes both Economic and Technical Assistance for this year.

m) A \$25 million U. S. commitment to Thailand is in addition to these figures and will have to be financed by a transfer from other programs in the area.

DEPARTMENT OF STATE
WASHINGTON

August 26, 1954

Dear Mr. Secretary:

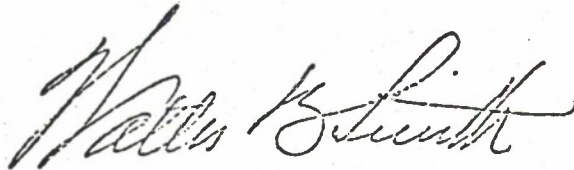
As you are aware, the President has approved a policy message to the Prime Minister of France indicating that henceforth the United States would provide such aid as it deems necessary for the three states of Indochina directly, rather than through the medium of the French Government.

The Cambodian Government, on May 20, 1954, officially requested the assistance of the United States in training the Royal Cambodian Army according to the accelerated methods of instruction used in Korea with the objective of forming three divisions in the shortest possible time. To date no response has been made by this Government to the Government of Cambodia.

The Department of State feels in the national interest that this Government should respond affirmatively to the Cambodian request and recommends that a bilateral agreement be negotiated with Cambodia for the establishment of a Military Assistance Advisory Group which would likewise have a training function.

It is understood that the present Chief of MAAG, Saigon has undertaken preliminary study of the requirements for a MAAG/Phnom Penh. If you concur in the recommendation of this Department, it would be our intention to authorize the new American Ambassador to Cambodia officially to inform His Majesty, the King of Cambodia, of our intention to accede to the Cambodian request and promptly to negotiate a MAAG bilateral agreement. If the Department of Defense agrees in this proposed line of policy and has special considerations which it desires should be incorporated in the proposed bilateral agreement, I shall be grateful for your courtesy in indicating the main heads of agreement which would be desired by the Department of Defense.

Sincerely yours,



Acting Secretary

The Honorable
Charles E. Wilson,
Secretary of Defense.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
International Security Affairs
Washington 25, D. C.

14 September 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Report on the Manila Conference

As Department of Defense representative on the U.S. Delegation to the Manila Conference (6-9 September 1954) I submit for your information the attached text of a Southeast Asia Collective Defense Treaty (Tab A) as approved by the Conference, together with comments relating to aspects of the Treaty of special concern to the Department of Defense.

General Comment

As you know, the Manila Conference convened following Communist military achievements in Indochina and political and psychological successes at Geneva. Against this background the effort of the Manila Conference to construct a collective defense arrangement for Southeast Asia and the Southwest Pacific was directed in large measure to recovering from the psychological blow thus administered to the Free World. Much of what was said at the Conference bore witness to the preeminence of psychological objectives in the thinking of the participating States. In a real sense, the Treaty that emerged at Manila is a response to the Geneva Agreements.

The participating delegations placed great emphasis on the effect the wording of the Treaty would have, not only on the Communists, but also on their domestic populations. Thus the Treaty is a document that speaks to many audiences: it supports self-determination of peoples, self-government and independence in deference to Asian nationalism; it provides for economic and technical cooperation as an inducement to present Asian "neutralist" countries to associate themselves with the Treaty; it permits the accession of other States thus avoiding the charge that the Treaty members form an exclusive club with aggressive designs "against" other States; it describes the Treaty area so as to exclude for the present Formosa, Japan, and Korea, States toward which the Treaty members hold differing policies. These elements of the Treaty attest to the importance the member States place on the effect of the document upon their respective publics. At the same time these elements give the Treaty the character of a collective defense arrangement in more than a purely military sense. The success that the Treaty may have in enhancing the defense of the area will therefore have to be judged in light of the fact that it has psychological and economic as well as military objectives.

With respect to the military aspects of the Treaty, most of the participating States, notably the Philippines and Thailand, urged provisions that would explicitly commit the Treaty Parties to take military action in event of aggression in the Treaty area. The commitment of the United States to such action, of course, was the purpose of these urgings. Much was said about the desirability of the NATO as opposed to the allegedly weaker ANZUS formula. Most of the participating States argued that explicit commitments to take action were necessary if the Treaty was to have the desired deterrent effect on the Communists.

The United States was faced in this issue, I believe, with the dilemma of attempting to attain two objectives that were not completely compatible: on the one hand there was a desire to place the Communists on notice as clearly as possible that further aggression in the area would meet with effective collective counter-action. Such unequivocal notification would tend to enhance the psychological effect of the Treaty on the Free World and the deterrent effect on the Communists. Yet on the other hand, in spite of the greater psychological effect that a strongly worded Treaty might have, the attainment of this objective was necessarily limited by the extent to which the United States, in its own interest, could undertake advance military commitments under the Treaty in restriction of its freedom of action. A further limitation was the fact that the United States can commit itself to take military action only in accordance with its Constitutional processes. Thus, opposed to the objective of maximum psychological effect was the necessity that the United States retain essential freedom of action, and avoid treaty commitments that were inconsistent with Constitutional requirements and therefore prejudicial to support for ratification of the Treaty by the Senate.

The Treaty as it stands agreed is in effect a reconciliation of these conflicting objectives. At the moment it serves more a psychological than a military purpose. The area is no better prepared than before to cope with Communist aggression. As time goes on, however, the Treaty can provide a nucleus for coordinated defense, and may rally presently uncommitted States to the non-Communist side.

Military Aspects of the Treaty

You may recall that following the work of the Joint U.S.-U.K. Study Group which met from 7 to 17 July 1954 in Washington to lay the groundwork for the Treaty, the Department of State prepared a draft which served as the basis for discussions among the United States and other interested Governments. This draft was referred to the Joint Chiefs of Staff for comment on 22 July 1954. The views of the Joint Chiefs of Staff, submitted to you on 13 August 1954, formed the basis of your letter of 17 August 1954 to the Secretary of State. This letter, together with a letter of 19 August 1954 from Acting Secretary Anderson to Mr. Robert Murphy on the subject of military machinery under the Treaty, contained

the basic positions of this Department with respect to the Treaty, and guided Department of Defense representatives on the U.S. Delegation to the Manila Conference in discussions in the Eight Power Working Group and in the Conference itself.

The following provisions of the Treaty are of special concern to the Department of Defense:

1. Article IV is the heart of the Treaty, and generally follows the wording previously used in the Philippine, Korean, and ANZUS Treaties. It provides that "Each Party recognizes that aggression by means of armed attack in the treaty area against any of the Parties or against any State or territory which the Parties by unanimous agreement may hereafter designate, would endanger its own peace and safety, and agrees that it will in that event act to meet the common danger in accordance with its constitutional processes." Secretary Dulles pointed out during the Conference that the wording of the North Atlantic Treaty, which speaks of an attack on one as an attack on all, nevertheless provides that the Parties will act in accordance with their constitutional processes. He persuaded the Conference that the final agreed wording of Article IV would be better received by the Senate, would tend to minimize debate, and would facilitate ratification by the United States.

The Article further provides that the Parties shall consult immediately on measures of common defense if, in the opinion of any of the Parties, any Party in the treaty area is threatened by other than armed attack. This brings Communist aggression in the form of subversion and coup d'etat within the purview of the Treaty.

2. Article V establishes a Council to consider matters concerning the implementation of the Treaty. During the sessions of the Working Group it became evident that some countries would propose wording calling for the establishment of military machinery, possibly along NATO lines. Recalling the position of this Department that military participation should be consultative along lines of the ANZUS arrangement rather than permanent and formal as in NATO, the Defense Representative in the Working Group, Mr. C. A. Sullivan, in a message to Defense (SEATO No. 1, 2 September 1954) proposed that consideration be given to the inclusion of the following wording after the first sentence of Article IV: "To this and the Parties to the Treaty will consult with regard to military planning as required by the situation in the area." Shortly thereafter the Australian delegation proposed the following addition to Article V: "The Council shall set up such subsidiary machinery as may be necessary to achieve the military and other objectives of the Treaty." Since the Australian proposal involved an open ended commitment, this Department and the Joint Chiefs of Staff opposed it and accepted the wording suggested by the Defense representative. The Department of State agreed, and instructed the U.S. Delegation to support the incorporation of this wording in Article IV (TOSEC 25, 3 September 1954).

In the course of negotiation on this point the U.S. Delegation persuaded the Australian Delegation to accept a modification of its language removing reference to "machinery" and injecting the concept of consultation as the situation may require, as favored by the Joint Chiefs of Staff and this Department. The U.S. Delegation on its part, accepted the placing of the amendment in Article V, and secured agreement of the Conference to wording which in substance reflected the Joint Chiefs of Staff and Defense views. Secretary Dulles, with my advice, succeeded in causing deletion of reference to "periodic" or "regular" consultation as several delegations at one stage proposed. The amendment in Article V as finally approved reads: "The Council shall provide for consultation with regard to military and any other planning as the situation obtaining in the treaty area may from time to time require."

3. Article VII provides that other States may be invited to accede to the Treaty by unanimous agreement of the Parties. Although the agreement of all the Parties to the inclusion of Nationalist China, Japan, or Korea is presently unlikely, such a possibility is not precluded.

4. Similarly, Article VIII, in defining the "treaty area", provides that the Parties by unanimous agreement can include other States in the treaty area or otherwise change the treaty area. The "treaty area" is defined as "the general area of Southeast Asia, including also the entire territories of the Asian Parties, and the general area of the Southwest Pacific not including the Pacific area north of 21 degrees 30 minutes north latitude." This wording brings West Pakistan under protection of the Treaty even though it is not in Southeast Asia. The word "general" permits an eventual broadening of the treaty area.

5. All participating States except the United States supported exclusion of the word "Communist" from the Treaty. The U.S. draft originally referred to "Communist aggression" in the preamble and in Article IV. The chief reason advanced by the other signatories for the deletion was the desire of most of the Parties that the Treaty cover any kind of aggression in the area. Pakistan, for example, wished that the Treaty would apply to possible aggression by India. The United States position was that the United States could not properly say that any aggression in Southeast Asia would endanger its own peace and safety, and that it could accept the obligations of Article IV only in respect to Communist aggression. For this reason the United States attached an "understanding" to the Treaty in this sense. All other participants accepted the Treaty with the U.S. "understanding".

6. At French suggestion specific reference to Cambodia, Laos, and Viet-Nam was removed from the text of the Treaty, but these States are covered by the provisions of the Treaty in a separate Protocol (Tab B). The French felt that this method of extending the application of the Treaty to the Associated States was less likely to be construed as a violation of the spirit of the Geneva Agreements.

7. I also attach for your perusal copies of the opening and concluding addresses of Secretary Dulles at the Conference (Tabs C and D).

Implementation of the Treaty

It can be expected that several of the participating States will shortly urge that an interim Council meet pending the time the Treaty is ratified and goes into effect. There is a general desire to keep up the momentum established at Manila. In such an event the subject of consultations with regard to military planning as referred to in Article V will undoubtedly arise. This is a subject to which we are giving additional thought with a view to developing further details of a U.S. position.

Conclusion

I believe the Manila Conference accomplished the objective expected of it from the United States point of view. In my judgment our Defense representation in the U.S. Delegation succeeded in its efforts to insure that the Treaty is consistent in its military implications with the positions taken by the Joint Chiefs of Staff and by this Department.

I should like to pay tribute to the brilliant work of Secretary Dulles, Herman Phleger, and Douglas MacArthur II. These men carried the principal burdens of the negotiations with forcefulness and intelligence, and advanced the interests of the United States by their efforts.

A. C. DAVIS

Vice Admiral, U. S. Navy
Deputy Assistant Secretary
of Defense (ISA)

SNIE 63-6-54

AF631131 15 September 1954

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SPECIAL

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 63-6-54

CURRENT TRENDS IN SOUTH VIETNAM

Submitted by the

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CURRENT TRENDS IN SOUTH VIETNAM

ESTIMATE

1. Since assuming office Premier Diem has been confronted with the usual problems of inefficiency, disunity, and corruption in Vietnamese politics and with the extraordinary problems of a mass evacuation of the Northern population and the hostility of many French officials. Despite his qualities of honesty and zeal, he has not yet demonstrated the necessary ability to deal with practical problems of politics and administration. Lacking an organized political machine and finding control of the Army in the hands of an uncooperative chief of staff, Diem's freedom of action has been severely circumscribed.

2. The French Government appears to have no definite policy toward South Vietnam. While the French Government has not openly opposed the Diem Government, France has failed to support Diem and there is no evidence that the French are prepared to carry out a policy based on unreserved support for Vietnamese independence and nationalism. Accordingly, close cooperation between the French and Vietnamese governments, essential for the survival of South Vietnam, has been lacking and French motives have become more suspect.

3. Although little real progress has been made under Diem's administration in dealing with pressing political, military, and social problems, he still retains considerable unorganized popular support, particularly among Catholic elements of South Vietnam. He has also made some progress in reaching agreement with the powerful Cochinchina sects.

4. At the moment the Diem Government is threatened by the insubordination of General Hinh, the politically ambitious Chief of Staff

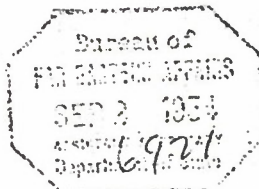
whom Diem has discharged. It does not now appear that the present struggle between Diem and Hinh will degenerate into civil strife. In fact Diem now appears to be making some headway in his efforts to control or exile Hinh, either of which would enhance his prestige and remove an obstacle to the strengthening of his government.

5. Bao Dai has remained in France and apparently is refraining from direct participation in political affairs in South Vietnam. His prestige among Vietnamese nationalists has been considerably lessened by his apathy toward the fate of his country. We believe that if Bao Dai were now to return to Vietnam, he would almost certainly become a center of political intrigue and would further complicate an already complex and confused situation and weaken rather than strengthen the ability of South Vietnam to achieve political stability.

6. Trends in South Vietnam since the end of the Geneva Conference have enhanced the prospects of an eventual extension of Communist control over the area by means short of large-scale military attacks. Although Diem's government will probably survive the present crisis of Hinh's insubordination, and may achieve greater strength and popular support, it will continue to be threatened by Vietminh activity, and hampered by French indecision. Diem appears to be the only figure now on the political scene behind whom genuine nationalist support can be mobilized. However, his ability to create a government that could reverse the current trend in South Vietnam depends at a minimum on an early and convincing demonstration by the French of their wholehearted support.



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA



ADDRESS OFFICIAL COMMUNICATIONS TO
American Embassy

Saigon, September 16, 1954

Dear Walter:

I believe that it is necessary to make a matter of record a more detailed account of the recent impetuous action of General O'Daniel reported in Embassy telegrams 961 and 987 of September 13, 1954. This is a matter which I do not wish to broached with Defense, no matter how informally. I am convinced that I can handle the situation here.

In this current political crisis involving the struggle between President Diem and General Hinh, General O'Daniel has quite understandably been deeply concerned. He has taken the position that, while he recognizes the faults and shortcomings of General Hinh, he still believes him to be the best soldier available to the Vietnamese to head up their National Army. This is not the view of General Ely or his most experienced and objective observers who see General Vy as preferable because of his character and experience, although lacking in Hinh's vivacity of intelligence. At the same time, being a man of action himself, General O'Daniel is impatient with the hesitancy and weakness of the Diem Government. It is not my purpose to comment upon these views, which are held in some measure by the Embassy as well. The problem arises in the General's tendency to believe that all matters can be portrayed in sharp black and white and can be solved by forthright and direct action. General O'Daniel is handicapped by his own straightforwardness and honesty of character, which make him an easy target for those who wish to take him in, and by an unfortunate impression that he is a master of tact and guile.

The situation in question developed following an informal meeting held in the Embassy on Sunday morning, September 12, when I discussed the current political crisis which had reached a particularly delicate point with members of the Embassy staff representatives of another government agency, and General O'Daniel. The General was impatient to take action and, convinced as he was by General Hinh's disingenuous protestations:

C/R

W-1 20

The Honorable Walter S. Robertson
Assistant Secretary of State for
Far Eastern Affairs

Department of State

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that he had no personal political ambitions, believed that Diem and Hinh could be brought together very easily. I agreed that, while ideally the solution might be for Diem and Hinh to bury their differences, the matter was a little more difficult and I believed that at this moment neither I nor others should get in touch with Hinh. Before undertaking anything of this sort, it would be necessary for me to see Diem, which I did not plan to do until the following day. It had been clear for some time that General O'Daniel was eager to take a hand in the problem and he had previously offered "to be anybody's messenger" should the need arise. This knowledge was one of the reasons that I stated definitely that no one should see Hinh at this time.

Unfortunately, despite my admonition, General O'Daniel, accompanied by his aide, went that afternoon to call on General Hinh at General Hinh's house and had a two-hour conversation with him concerning the political crisis. This conversation was reported in summary in my telegram 981. In essence, it appears that General O'Daniel inquired as to Hinh's attitude toward the President and as to his personal political ambitions and received the usual story from Hinh depicting himself a loyal, patriotic soldier without political ambitions and only too ready to cooperate with the President. It would appear clear, as has been indicated by O'Daniel himself, that O'Daniel then suggested that, since Hinh felt that way, he should convey such a message to Diem in the hope that the matter could be set right by a clear understanding and differences between the two men thus be settled. Hinh made a phone call immediately in O'Daniel's presence to the Secretary of State for Defense Chan, who promised to convey Hinh's message to the President. It is probable also that O'Daniel discussed, at least in general terms, his own solution for the Hinh-Diem conflict, which included the promotion of Hinh away from direct command of the army and placing him in the presidential palace as the supreme military adviser to the President.

O'Daniel's intentions in this action which he took were certainly good. The fact remains, however, that he took this action in direct contravention of my instructions, indulging his tendency to take matters into his own hands and to mix into political situations without proper clearance from the Chief of Mission.

This is not the first time that O'Daniel has taken hasty direct action himself with regard to a political problem. When difficulties began to shape up between Diem and Hinh and I had received a request from Diem to look into the possibility of having General Hinh invited to the United States in order to remove him from the scene while the President established his

authority over the National Army, I discussed the matter with O'Daniel. General O'Daniel was very much opposed to the idea of replacing Hinh and to this manner of doing it. He expressed himself as preferring Hinh to Diem, should he have to make a choice between the two men.

Following our conversation, and without indicating his intentions to me, General O'Daniel went to see Hinh and, as he put it, "sounded him out" on his attitude toward Diem and on whether or not he would consider visiting the United States at this time. General O'Daniel returned to tell me that he was convinced of the sincerity and patriotism of Hinh and of his willingness to cooperate loyally with the President. O'Daniel also said that Hinh would not consider visiting the United States at this time. This incident was reported in my telegram 706 of August 24.

Following his most recent two-hour conversation with Hinh, O'Daniel immediately tried to get in touch with me to report. As I was absent at a special church service, he gave an account of his conversation with Hinh to Counselor Kidder. The following day, September 13, I showed to O'Daniel the draft of a telegram which I had prepared reporting this matter in detail to the Department. O'Daniel insisted that he had not heard my instructions and upon this assurance I destroyed the telegram. It is possible that O'Daniel actually did not hear my instructions, as at the time he may well have been immersed in his own single-minded thoughts. General Trapnell, who preceded General O'Daniel as Chief of MAAG, remarked to me at one time that the latter seldom listened when he was told something, particularly if he had any scheme or idea of his own in mind.

My relations with O'Daniel have been excellent and I expect them to continue to be so. O'Daniel normally works in friendly and respectful cooperation. I believe that he will not again in the immediate future indulge in political free-wheeling, but in the long run his impetuous temperament, which drives him to take action even in situations where action is inadvisable, will probably reassert itself. It is for this reason that I wish to be on record in this matter.

Sincerely yours,


Donald R. Heath

THE JOINT CHIEFS OF STAFF
Washington, D. C. 20301

22 September 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Retention and Development of
Forces in Indochina

1. In response to a memorandum by the Deputy Secretary of Defense, dated 10 September 1954, subject as above, the Joint Chiefs of Staff submit the following views and recommendations.

2. The Joint Chiefs of Staff have considered the provisions of the Geneva Armistice Agreement and the latest National Security Council policies for the Southeast Asia area.

3. The restrictions imposed by the Geneva Armistice Agreement on Cambodia are minor and can be overcome to a degree sufficient to carry out generally the U.S. national policies in that area. The restrictions on Laos are major and permit training, assistance and supervision by French instructors only. In Vietnam the cease fire agreement constitutes a major obstacle to the introduction of adequate US MAAG personnel and of additional arms and equipment.

4. Although the French have not submitted for U.S. study any plans they may have for withdrawal of French forces from Indochina, some informal and general information has been obtained as to their present intentions. Based upon this information and taking into account the estimated capabilities of the three nations of the Associated States, the Joint Chiefs of Staff recommend that those forces listed in the Appendix hereto should be retained or developed in Viet Nam and Cambodia. The estimated costs thereof, listed in the Appendix hereto must be reexamined in view of the lack of data related to condition and quantities of equipment and clothing, quantities of ICC, ammunition and arms to be reissued by the French.

5. Under the terms of the Geneva Armistice Agreement the training of Laotian armed forces may be conducted by French personnel only. However military equipment can be furnished in specified quantities for the defense of Laos through the French.

6. The development of the proposed forces for Viet Nam and Cambodia will require extensive and detailed training which will extend over a period of 3 to 5 years. The French should relinquish over-all command of the Armed Forces of Viet Nam as rapidly as possible with complete removal of forces when the Vietnamese are capable of exercising command of an effective force. The Vietnamese capability along these lines should be developed by intensive training and by progressive promotion of Vietnamese officers to posts in command of larger units and to positions of increased responsibility.

7. The Joint Chiefs of Staff consider that prior to the assumption of support of the forces of the state of South Viet Nam, a definite agreement should be obtained from the French Government with respect to the timing of their programmed phased withdrawal. The phasing out by the French should be correlated with the ability of the Vietnamese to take over this responsibility from the French, and at the same time assume command.

8. Although introduction of military equipment into Viet Nam above the levels existing at the time of signing the Geneva Armistice Agreement is prohibited, it is estimated that sufficient materiel is available in Viet Nam from that which was previously delivered to Indochina for the French Union Forces. The primary problem pertaining to materiel would be to insure that the French, while executing their phased withdrawal from Indochina, leave in Indochina the materiel and equipment required, insofar as available, for the use of the Viet Nam Armed Forces. It should also be emphasized that this materiel and equipment should be left in good operating condition.

9. The supply of items such as pay, food, uniforms, and POL, should be furnished by the Associated States to the maximum extent of their capabilities. However, it is fully recognized that, due to economic conditions in the associated states, they would require extensive support concerning these items. Such support as may be supplied by the United States should be furnished out of Mutual Security funds administered by Foreign Operations Administration.

10. Indochina is an important part of Southeast Asia and merits limited U.S. support in implementation of national policy in that area. The United States is supporting military programs in this area, which possess a capability of producing effective military forces. In view of the uncertain capabilities of the French and Vietnamese to retrieve, retain, and

reorganize the dispersed forces of Vietnam, it may be several years before an effective military force will exist. Therefore, U.S. military support to that area, including the training and equipping of forces, should be accomplished at low priority and not at the expense of other U.S. military programs and should not be permitted to impair the development through MDA programs of effective and reliable allied forces elsewhere.

11. In addition, the Joint Chiefs of Staff note with concern the unstable political situation presently existing within the state of South Viet Nam, and, accordingly, consider that this is not a propitious time to further indicate United States intentions with respect to the support and training of Vietnamese forces.

For the Joint Chiefs of Staff:

(Signed)

ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff

Enclosure:
Appendix

THE JOINT CHIEFS OF STAFF

Washington 25, D. C.

22 September 1954

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: U.S. Assumption of Training Responsibilities
in Indochina.

1. This memorandum is in response to the memorandum by the Acting Secretary of Defense, dated 31 August 1954, which requested the comments and recommendations of the Joint Chiefs of Staff on the State Department views on establishing a MAAG in Cambodia and a training mission in MAAG, Saigon. It also responds to the memorandum by the Deputy Assistant Secretary of Defense (ISA) dated 15 September 1954 which transmitted additional State Department views on Cambodia to be considered in connection with the memorandum of 31 August 1954, and to the memorandum by the Deputy Assistant Secretary of Defense (ISA), subject: "Training for the National Police Force of Vietnam," dated 21 September, 1954.

2. In their memorandum for you dated 4 August 1954, subject as above, the Joint Chiefs of Staff set forth certain conditions which they considered should be met before the United States assumes responsibility for training of the Armed Force of the Associated States. In their memorandum for you, dated 12 August 1954, subject: "Message to the French Prime Minister" the Joint Chiefs of Staff reiterated two of these preconditions in their recommendations concerning the proposed message to the Prime Minister of France. From a military point of view, the Joint Chiefs of Staff consider that all of the previously expressed preconditions are still valid and desire to point out that conditions in South Vietnam fall short of meeting these preconditions. In the light of Presidential approval of the message to the Prime Minister of France and in light of Presidential approval of Sections II, III, and IV of NSC 5429/2, the Joint Chiefs of Staff offer no further objection in the establishment of a MAAG in Cambodia. However, the Joint Chiefs of Staff note with concern the unstable political situation presently existing within the state of South Vietnam, and

accordingly consider that this is not a propitious time to further indicate United States intentions with respect to the support and training of either the Vietnamese regular or police forces. Accordingly, the Joint Chiefs of Staff recommend against the assignment of a training mission to MAAG, Saigon.

3. The Joint Chiefs of Staff recommend that special provisions of the bilateral agreement between the United States and Cambodia provide that all French advisors ultimately be withdrawn in order that the United States may deal directly with the Government of Cambodia, completely independent of French participation or control. The Joint Chiefs of Staff further recommend that no commitment be made at this time as to the size or composition of armed forces to be trained and supported, nor to the size and composition of the proposed MAAG in Cambodia, until further study can be given to these matters.

For the Joint Chiefs of Staff:

/s/

ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff

In reply refer to:
I-19017

SEP 24 1954

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE (ISA)

SUBJECT: Evacuation of Equipment from North Viet-Nam

1. a. As reported by the Chief, MAAG Indochina the total tonnage of MMAP materiel delivered to Indochina since the beginning of the program in December 1950 is 737,000 tons. In addition to the above, there has been an estimated 104,000 tons of military supplies (MILSUP) delivered. The above tonnages were delivered by water and a small additional amount estimated at 10,000 tons was delivered by air. This indicates a total of approximately 931,000 tons of military equipment delivered.

b. These tonnages were delivered into Indochina as a whole, with the majority going into Viet-Nam (North and South) and some going into Cambodia and Laos. It cannot be accurately ascertained as to the exact percentage of equipment going into the various areas, but based on the disposition of equipment at the end of hostilities, it is estimated that at least fifty per cent (50%), or 460,500 tons went into North Viet-Nam.

2. a. We were informed by the Chief, MAAG Indochina, prior to the termination of hostilities, that there were approximately 500,000 tons of equipment and 20,000 vehicles in North Viet-Nam. This tonnage estimate was broken down roughly as follows:

Equipment in Depot Stocks	250,000 Tons
Equipment in the hands of forces	250,000 Tons

It is concluded that the above totals of equipment held by the French and native forces represented the total equipment located in North Viet-Nam, and therefore was provided from both MMAP and French sources.

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b. This figure was later refined to the following:

Equipment in Depot Stocks	247,000 Tons
Equipment in the hands of forces	250,000 Tons
Total	497,000 Tons

3. These supplies may be broken down into three major categories as follows:

a. General supplies and equipment in depots.

b. Military supplies of all types in the hands of combat forces, service forces, naval bases and air bases.

c. Vehicles of all types--most of which are probably in the hands of troops.

4. a. Our latest complete situation report (received weekly) from the Attache in Saigon on the evacuation from North Viet-Nam is dated 13 September and indicates the following evacuation as of that date:

Equipment moved from depots	17,000 Tons
Vehicles moved	4,136

b. It is assumed that the tonnages referred to above as having been evacuated were tonnages of equipment from depots.

c. Based on the figures in paragraph 2 above, this leaves to be evacuated 450,000 tons of equipment broken down as follows:

Equipment in Depot Stocks	200,000 Tons
Equipment in the hands of forces	250,000 Tons

d. Some military units have been evacuated from the North and according to French procedure the equipment would be evacuated with the units. This amount of equipment evacuated has not been reported.

o. In summary, the situation as of 13 September is as follows:

(1) Equipment to be evacuated

Equipment in Depot Stocks 200,000 Tons

Equipment in the hands of forces 250,000 Tons

(2) The 250,000 tons of equipment in the hands of troops is broken down as follows:

Combat troops 76,000 Tons

All other - Army service units,
Navy and Air bases 174,000 Tons

5. Attention is again invited to the fact that the tonnages listed above represent the total amount of material and equipment in the hands of the French Union and native forces and include not only MDA furnished equipment but also all equipment furnished by France and the Associated States.

6. Attention is further invited to the attached two messages from (a) Admiral Stump, Commander-in-Chief Pacific (Tab A); and (b) Lieutenant General O'Daniel, Chief, MAC Indochina (Tab B). Both of these officers indicate that they consider the status of evacuation of equipment to be progressing satisfactorily and are most reassuring with respect to the overall evacuation problem from North Viet-Nam.

7. Reference is made to the data contained in paragraphs 1 and 2 above as it applies to the approximate amount of MDA material that may be in North Viet-Nam. It can be assumed that between twenty per cent (20%) and fifty per cent (50%) of the 460,500 tons would be ammunition and gasoline which are items having a very high rate of expenditure. Therefore, assuming that approximately 200,000 tons represent the ammunition and gasoline consumption and battle losses of equipment, it can be estimated that approximately 250,000 to 260,000 tons of the equipment in North Viet-Nam had its source from the MDA Program.

8. a. The French have informed General O'Daniel that the equipment in the hands of French Union Forces will be evacuated with the forces as they are withdrawn from North Viet-Nam. Also, the French do not report the tonnages of organizational equipment that are evacuated with the forces. Therefore, in the future the tonnages of equipment in the hands of troops will not be included in reports, and instead the number of French Union Forces to be evacuated will be substituted.

b. Latest reports indicate that 54,451 troops have been evacuated from North Viet-Nam, which is approximately twenty-four per cent (24%) of the total number to be evacuated.

(Signed) G. C. STEWART

G. C. STEWART
Major General, U. S. Army
Director, Office of Military Assistance

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1. Tab A -- Navy Msg 2375
(21 Sep)
2. Tab B -- DA Inf 86634
(22 Sep)

Prep: Col Cr302/rrw/24 Sep 54
20 870 OMA/OSD 76560

Mr Horton Col Clayman

OUTGOING
TELEGRAM

Department of State

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SENT TO:
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Amembassy LONDON
Amembassy SAIGON
" " PARIS
" " PHNOM PENH
" legation VIENTIANE
"XXXXXXXXXXXXXXXXXXXX

Re XXXXXXXX preceding telegram.

Follows text of message which approved by US and French delegations

for transmittal to respective missions SAIGON.

QUOTE: In French-US discussions here, we and French have reached conclusion we should support Diem in establishment and maintenance of a strong, anti-Communist and nationalist government. To this end France and the US will both urge all anti-Communist elements in Viet-Nam to cooperate fully with the government of Ngo Dinh Diem.

We recognize five key elements which, can provide a stable anti-Communist nationalist government under Diem's leadership with chance of success: Bao Dai, Binh and national army and three sects.

As a result of our discussions we were giving consideration to action along the following lines and desire your comments:

The problems relating to the Chief of State will require further consideration when the Government of Viet-Nam is consolidated. Under present circumstances further demarches should be made jointly or separately to Bao Dai emphasizing the consequences in terms of US and French support of failure on his part to act in such a way as to strengthen the Diem

Government

Drafted by:

FE:FSA:R2Hoey:ah 9-29-54

Telegraphic transmission and
classification approved by:

Kenneth T. Young, Jr.

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PROHIBITED.

Classification

Government. French and United States representatives in Saigon, who should be given a broad delegation of powers for this purpose, should encourage Diem to support our actions re Bao Dai with appropriate measures within his competence in the Vietnamese Government.

it essential that Chief Staff obey orders given by civil authority. However, at same time, it most difficult to find replacement for him. Consequently, démarches should be made to General Hinh and to President Diem towards a reconciliation. It would be emphasized that France and the United States are firmly supporting President Diem and that once his position is consolidated and only then an extensive program designed to develop the national army under General Hinh could be undertaken. There remains the problem of who would be Minister of Defense over Hinh. In the future, relations with Hinh as Chief of Staff, should be limited to purely military matters in an effort to discourage him from entering into political affairs.

The sects play an essential role in their respective territories but have limited importance on a national scale. The sects have maintained flexible positions with regard to Diem, Viet Minh, Bao Dai, France and the United States. It is of vital importance that France and the United States maintain a carefully coordinated strategy towards the sects. The sects should be informed of the intent of the United States and France with regard to support for Diem. Diem might be advised to attempt to influence the sects through his handling of integration of their forces into the national army and through his ability to grant them administrative control

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over areas being evacuated by Viet Minh. The representatives in Vietnam of France and ~~the~~ United States should be given ~~the~~ broadest possible delegation of powers to determine coordinated positions ~~in~~ these matters.

With specific regard to ~~the~~ Binh Xuyen ~~it was~~ recognized that whatever their unsatisfactory and undesirable qualities may be, their position of power should not be underestimated particularly as they control ~~the~~ police, are closely tied in with Bao Dai, and in ~~the~~ past have been responsible for extensive terroristic activity in Saigon.

Therefore, our course of action should be to seek to isolate the Binh Xuyen particularly from Bao Dai and to minimize their power and influence through strengthening ~~the~~ national army as a counter. This can only be achieved progressively. At ~~the~~ present time it seems necessary to associate them with the government, which might in ~~the~~ long run be ~~the~~ best method to be in a position ~~to~~ control them. UNQUOTE.

As noted third paragraph above, Saigon comments requested regarding specific means by which we could carry out courses action included above text.

French Delegation requests text above included within quotes be given Daridan with explanation this sent by US channels their request for his comments.

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DEPARTMENT OF STATE

Washington

October 11, 1954

Dear Mr. Secretary:

With reference to the enclosures from the Joint Chiefs of Staff in your letter of September 28, there are several important political and policy aspects of both the manpower and cost estimates of force goals for the Associated States totalling about \$535,430,000, and the Joint Chiefs of Staff reservations on the support and training of Vietnamese forces.

With respect to the magnitude of force levels and costs for Viet-Nam and Cambodia, I believe that United States policy should be based on NSC 5429/2, which envisages the maintenance in Indochina of forces necessary to assure the internal security of the area, and upon the arrangements concluded at Manila to deter aggression in Southeast Asia. The concepts underlying the Southeast Asia Collective Defense Treaty should make the maintenance of relatively large ground forces unnecessary in the Associated States, since the military establishment of a single state within such a collective security group need not be so large as would be required if that nation had to act alone to defend its security against external aggression. It seems to me that the mission of the Vietnamese National Armed Forces should be to provide internal security. The manpower and cost estimates in the JCS attachment would seem to be excessive in the above context.

From the political viewpoint some armed forces are necessary. If adequately trained and equipped they would give the people of free Viet-Nam some assurance of internal security and provide the Government of Free Viet-Nam with an increased sense of stability. This would produce definite political and psychological advantages and would help fulfill the objectives of NSC 5429/2. I would appreciate having your views as to the forces we should contemplate to carry out this policy as well as the amount of funds we should devote to this purpose.

With respect to the question of U.S. support and training for the Vietnamese forces there are two political aspects: purpose and timing. Effective execution of NSC policy on U.S. support for such forces can have a significant bearing on the political objective of creating a stable, capable anti-Communist government in Viet-Nam, and on assisting it in carrying out a vigorous internal program with Congressional approval. One effective way to strengthen the Vietnamese Government is to assist in the reorganizing and training of its armed forces, as I noted in my letter to you of August 13, 1954. This point was again referred to in the Acting Secretary's letter of September 7, 1954, to the Deputy Secretary of Defense. In addition to budgetary support, a direct means of helping to create and maintain political stability will be by appropriate participation of the U.S. MAAG in the planning, developing and training of Vietnamese security forces. The Department of State is aware of the risks,

The Honorable

Charles E. Wilson

Secretary of Defense

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difficulties and impediments in any such program of U.S. training and assistance for Vietnamese forces. Nevertheless, within those difficulties and limitations, I feel there are many reasons to consider a vigorous, imaginative and effective program for planning, developing and training Vietnamese security forces both in Viet-Nam and perhaps even in nearby countries or in the United States itself. We could substantially influence the development of political, as well as military stability in free Viet-Nam if we had such a training project with Vietnamese forces. The provision of direct budgetary support to these forces would have far less impact if the United States eschews any participation in training these forces.

Then there is the question of timing regarding the degree of political stability which the Joint Chiefs of Staff raised in their memorandum of September 22, 1954. I believe that potential political developments now warrant your consideration of the necessary preliminary steps for working out an appropriate U.S. training function for Vietnamese security forces.

With respect to these considerations regarding force goals and training in Viet-Nam, we need to take some decisions promptly to enable us to respond to the Cambodian, Vietnamese, and French Governments concerning financial and other support for their forces in Indochina.

The President has signed a letter to the Prime Minister of Viet-Nam authorizing the American Ambassador to Viet-Nam to examine with him an intelligent program of direct American aid to assist Viet-Nam. A similar letter has already been delivered to the King of Cambodia. In the meantime the Vietnamese Government has submitted a note to this Government stating that it is considering increasing the Vietnamese army to a total force of 230,000 men in order to "guarantee the internal and external security of the country" and requesting United States assistance in this endeavor. The French Finance Minister in his recent talks in Washington expressed a desire for U.S. financial support for the French Expeditionary Corps in Indochina, which the French contemplate retaining at an average strength of about 150,000 men during 1955. The United States representatives indicated that we would strive to give some indication to the French Government of our thinking on these matters by December 1, 1954. The plans of the French and the Vietnamese both seem to us to be beyond what the United States should consider feasible to support for maintaining the security of free Indochina at this time.

In view of the political considerations and the requirements of timing, it is imperative that the United States Government prepare a firm position on the size of the forces we consider a minimum level to assure the internal security of Indochina. This position will also have to include the amounts of money we will be prepared to make available for this purpose, and the steps we will be willing to take to assist in the training and formation of these forces. It seems to me that we cannot realistically enter into discussions with the other governments concerned until we have made this determination. I would therefore also appreciate your views on how best we should proceed in making this determination.

I am sending a copy of this letter to Governor Stassen.

Sincerely yours,

/s/

John Foster Dulles

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Oct 14 1954

MEMORANDUM FOR THE JOINT CHIEFS OF STAFF

SUBJECT: Development and Training of Indigenous Forces in Indochina

1. There is attached a letter from the Secretary of State which refers to two memoranda from the Joint Chiefs of Staff, dated 22 September 1954, on the subjects: "Retention and Development of Forces in Indochina" and "U.S. Assumption of Training Responsibilities in Indochina." These memoranda were made available to the Department of State by a letter from the Secretary of Defense, dated 28 September 1954.

2. In the attached letter Secretary Dulles raises two related aspects of the military situation in Indochina: force levels of indigenous forces, and U.S. training responsibilities for Vietnamese forces. He points out certain political considerations which he feels affect both these subjects.

3. In the light of the views expressed in this latest letter from the Secretary of State, it is requested that the Joint Chiefs of Staff submit their comments and recommendations with respect to the levels of forces that should be developed in Viet-Nam, Laos and Cambodia, including their concept of the objectives of such forces from the U.S. military point of view and an estimate of the annual operating cost of training and maintaining such forces.

4. It is further requested that the Joint Chiefs of Staff submit their comments and recommendations concerning a U.S. commitment to train Vietnamese forces, in the light of the considerations pointed out by the Secretary of State in his letter. In view of the special emphasis placed on an urgent determination of a U.S. course of action toward the training question at a meeting of the Operations Coordinating Board on 13 October, the views of the Joint Chiefs of Staff on this subject are requested as a matter of high priority.

Signed -

H. Struve Hensel.

cc: OMA
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Cy 4 OMA
Cy 5 Green, 6 Pink OSD
Cy 7 Blue R&C Cy 8 OFMA
Cy 9 Yellow

JEDwan/jg/14 Oct 54
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announced an intention of requesting the phased withdrawal of the French forces by 1956. This would result in a complete military vacuum unless the Vietnamese are adequately prepared to take over progressively as the French withdraw.

4. The Joint Chiefs of Staff consider that the ultimate objectives of the military forces of the Associated States should be:

VIETNAM - To attain and maintain internal security and to deter Viet Minh aggression by a limited defense of the Geneva Armistice demarcation line.

CAMBODIA - To maintain internal security and provide for a limited defense of the country.

LAOS - To maintain insofar as possible internal security. (It is recognized that LAOS does not have the capability to defend against overt aggression.)

5. The Vietnamese and Cambodian forces considered as the minimum required ultimately to carry out the above objectives are as contained in the memorandum for you by the Joint Chiefs of Staff, dated 22 September 1954, subject: "Retention and Development of Forces in Indochina". These forces should be developed in phased increments dependent upon continued resistance to Communist encroachment by the Governments of Vietnam and Cambodia consistent with:

a. French willingness to accept U.S. training responsibility.

b. Capability of the Associated States to develop effective and reliable forces.

c. The ability of a limited U.S. MAAG to conduct training.

d. The continued availability of FMFP funds without detriment to other programs.

The estimated cost of training and maintaining these forces is also contained in the same memorandum. Under the terms of the Geneva Armistice Agreement, the introduction of foreign military personnel into Laos is limited to specified

numbers of French personnel. In view of this limitation and the resulting prohibition of establishment of a U.S. MAAG to supervise such MAAP aid as may be granted, no recommendations are made at this time as to force levels for Laos. However Laos is capable of supporting armed forces of 12-15,000.

6. An examination of the estimated costs involved in creating and maintaining these forces will reveal that approximately \$240 million for Vietnam and \$54 million for Cambodia, is for pay and allowances of the indigenous personnel. This is computed at the prevailing national scales and may be reduced but only through negotiations with the respective governments to reduce pay and allowances. Slight savings in the first year maintenance costs may be possible also if sufficient quantities of spares and replacement equipment become available in Indochina. This can be determined only after completion of an inventory following the evacuation of the Tonkin Delta. Despite any major reduction that may be accomplished by these means, U.S. support to this area should not be allowed to impair the development of effective and reliable allied forces elsewhere.

7. With reference to the question of training Vietnamese forces the Joint Chiefs of Staff desire to point out that in addition to the current unstable political situation in Vietnam the terms of the Geneva Armistice Agreement have been interpreted to limit the strength of MAAG, Indochina, to 342 military personnel. Even if all these military personnel were replaced by U.S. civilians to perform the normal functions of the MAAG and the military personnel were thereby released for training duties only, the number of U.S. military personnel would permit only limited participation in the over-all training program. Under these conditions, U.S. participation in training not only would probably have but limited beneficial effect but also would assume responsibility for any failure of the program. In light of the foregoing and from a military point of view, the Joint Chiefs of Staff consider that the United States should not participate in the training of Vietnamese forces in Indochina. However, if it is considered that political

considerations are overriding, the Joint Chiefs of Staff would agree to the assignment of a training mission to MAAG, Saigon, with safeguards against French interference with the U.S. training effort.

For the Joint Chiefs of Staff:

ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff.

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FROM: Paris

TO: Secretary of State

NO: DULTE 5, October 21, 3 p.m.

Bureau of
Far Eastern Affairs
OCT 21 1954
Assistant Secretary
Department of State

Control: 8812

Rec'd: October 20, 1954
9:57 p.m.

Tid. Tedok
To 10/21/54

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EYES ONLY ACTING SECRETARY FROM SECRETARY.

SAIGON EYES ONLY AMBASSADOR.

During and after dinner tonight with Mendes-France, we discussed Indochina. I said our recent reports indicated disturbing internal situation South Vietnam. Mendes-France agreed situation serious, but said understandable we should now be at psychological low point following armistice. He was also firm regarding importance giving Diem every chance. He went on, however, to say that plans should be laid for "another structure of government" which could be produced in event Diem failure. In response my question, he was unclear as to meaning his phrase and indicated he had no other local political figure in mind as possible replacement Diem. He stressed, however, importance of utilizing thread legitimacy deriving from Bao Dai, although he was frank in discussing latter's failures and spoke of necessity keeping him off front of stage.

At conclusion conversation, Mendes-France indicated desire before my departure to discuss situation South Vietnam and what we might do about it at greater length. In anticipation such further talk, I would appreciate receiving urgently Department's latest estimate political developments.

DULLES

HJH

Note: Mr. Gleysteen (SS) notified 10-20-54 10:35 p.m. EH

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Lt Col Kintner/fms

20 October 1954

myself

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MEMORANDUM FOR THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY

SUBJECT: Action in Indochina

1. No one is more aware than you that the neutralist world, now weighing the course of the future, will eventually make a choice between Communism and freedom. The ultimate fate of the free portion of Indochina will become a critical element in that choice for the vast millions living in the uncommitted regions of Asia and the Middle East. The loss of the rest of Indochina in consequence of the 1956 elections or otherwise, would inevitably sway many of these millions to Communism. Aside from its political aspects, this trend could be militarily disastrous to the U.S. strategic position in the Far East. If another free world debacle in Indochina materializes, as every intelligence estimate predicts, the U.S. military position in the Western Pacific could be jeopardized.

2. You are, of course, aware of the many current proposals for political, economic, and military programs designed to check the spread of Communist influence to South Vietnam. The Chief of MAAG, Indochina has asked repeatedly for a governmental decision to enable the U.S. to begin the training of native armies in South Vietnam and Cambodia. The Joint Chiefs of Staff have hesitated to concur in General O'Daniel's recommendation just as they hesitated to recommend participation in the Indochina war while it was in progress because the political situation has so deteriorated that the indigenous support, required to make any military efforts successful, seemed doubtful of attainment. I understand that decisions on certain economic programs are being withheld for a similar reason.

3. In any assessment of the situation in Indochina, it seems obvious that the superiority of Communist political leadership in that area has not been accidental. The Communists have always recognized the necessity for preparing and training leadership cadres in the areas they have marked out for subversive operations. In Indochina, the French opposition to the legitimate nationalist aspirations of the Vietnamese has aided skilled, indoctrinated Communist personnel in carrying out their plans. On the other hand, the lack of a basis for understanding between the indigenous people in Indochina and the French has been one of the primary reasons for the free world's failure in Indochina. We have hesitated to face up to making decisions regarding proposals for Indochina because we are not confident that we can defeat the Communist at their own game. The methods we have tried to reach the minds of the actual and potential pro-freedom leaders in Indochina have not been successful. We have not succeeded in making our objectives in Indochina appear desirable to the people there in terms of their own interests, problems and ambitions. A new approach to leadership training and cross fertilization between Western and Asiatic ideas in the Indochina area is necessary. Because the 1956 elections set an absolute deadline to our efforts we must seek for psychological programs that see their results in months rather than years.

4. In this connection, a psychological operations concept entitled "Militant Liberty" which has recently come to my personal attention seems to possess the ingredients we are groping for. "Militant Liberty" is a concept which was successfully tested in ^{Filipino} battles against the "Huks". "Militant Liberty" motivates indigenous people to work toward a common goal of individual freedom by presenting to them the principles of freedoms, clearly stated, in a manner which can be vigorously propagated and faithfully supported. The concept of "Militant Liberty" provides a clear statement of freedom expressed

in language that men anywhere can understand in a short period of time.

"Militant Liberty" stimulates the peoples of countries threatened by Communism to act to achieve the objectives of freedom through self-expression, proper organization and progressive action.

5. Many confident people qualified to render judgment have been impressed with the merit and value of the "Militant Liberty" approach. As I see it, the potential success "Militant Liberty" could achieve in Indochina is so great that our joint efforts should be devoted to getting it underway with least possible delay. I should like to suggest that Mr. Brygh, who is a consultant to the Joint Subsidiary Plans Division of the Joint Chiefs of Staff, be made available to brief you and members of your immediate staff in the near future. There is attached herewith (Tab A) a comprehensive paper setting forth the concept.

6. The heart of any plan to implement "Militant Liberty" is the progressive training of groups of indigenous personnel in an understanding of the meaning of a free society to the individual and the individual's responsibilities in creating and maintaining such a society. If the concept of "Militant Liberty" were tested in Indochina, indigenous personnel would have to be trained from among the military as well as the civilian elements of Vietnamese society. If a significant military training program were instituted, the induction-training-discharge cycle provides ready access to indigenous personnel who could play an important role in a revitalization of Vietnam both during their period of military service and subsequently after they had returned to civilian life. For this reason, as well as to insure unity of effort, the implementation of "Militant Liberty" on a test basis in Indochina should, I believe, be accomplished on a joint military-CIA basis. I am inclosing an outline form (TAB B) the draft of a plan which can be further developed for joint execution by your agency and CINCPAC.

7. The armed forces are in a position to support the purely military aspects of this program. As the draft plan suggests, however, the necessity exists for considerable parallel action in the civilian community in South Vietnam. It is my hope that once you have had an opportunity to understand the concept behind "Militant Liberty" you will be in a position to assist in under-
writing substantially the remaining elements of an integrated operational plan.

8. It is my firm conviction that "Militant Liberty" offers us the means for which we have been searching to galvanize the Vietnamese into taking the action they must take if they are to remain free. I trust, once you have had the opportunity to become acquainted with "Militant Liberty", that you also will see as much value in it.

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Rptd Info: Amembassy SAIGON /663

EYES ONLY SECRETARY FROM ACTING SECRETARY

EYES ONLY HEATH

DULTE 5.

For your ready reference we quote paragraph 4 of the September 29 Minute of Understanding:

QUOTE With respect to Viet-Nam, the representatives of France and the United States agree that their respective governments support Ngo Dinh Diem in the establishment and maintenance of a strong, anti-Communist and nationalist government. To this end France and the United States will urge all anti-Communist elements in Viet-Nam cooperate fully with Government of Ngo Dinh Diem in order counter vigorously the Viet Minh and build a strong free Viet-Nam UNQUOTE.

Brief estimate political situation South Viet-Nam follows:

1. While General Hinh's threat to execute military coup seems to have been averted, Hinh and his associates Xuan and Bay Vien continued hold virtual veto power over Diem and his government. Prolongation of crisis leads to inevitable deterioration of government's position and prospects, even if it is no longer menaced by violent overthrow.

We do not repeat not feel that sufficient effort has yet been made to carry

Drafted by:

FE:ESA:MYYoung, Jr. / PJS:WHE/EUR:WE:WDE:RCH:RCH

Herbert Hoover, Jr.

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Mr. Robertson

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carry out above quoted U.S.-French agreement. While Ely seems to have attempted honestly carry out this agreement, fact that many French elements have never accepted Diem solution must have weakened Ely's efforts and encouraged Hinh camarilla in its recalcitrance. PAREN In this connection see Paris 1665 UNHAREN. We remain of opinion that military personalities now opposing Diem are more susceptible to French pressure and influence than any other similarly powerful elements in Viet-Nam.

Broad government of national union around Diem has not been achieved. Until the current civil-military-sect conflict is resolved any successor Prime Minister would be faced with substantially similar problem with which he might be even less able to cope than Diem, except on conditions ^{prejudicial} to establishment of government of integrity.

2. Current jockeying for power and struggle for cabinet positions is resulting in paralyzing impasse. Positive moves are necessary by France and the U.S. if this impasse is to be broken. We remain convinced that if anything is to be saved in Viet-Nam we cannot sacrifice indispensable qualities of honesty, incorruptibility and nationalism represented more conspicuously at this moment by Diem than by anyone else.

3. Mendes-France's use of term QUOTE another structure of government UNQUOTE suggests French hankering to reestablish political system similar to that of 1946 Cochinchinese Republic, founded on police and military power to be exercised by such figures as Tam and Hinh. In addition to such pro-French figures, system might involve direct colonial-type controls by French. Such a formula in French eyes would have advantage of facilitating elimination of Bao Dai and non-Cochinchinese elements like Diem. A development of this sort in our view would create conditions in

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South Viet-Nam analogous to those which ended by delivering to Viet Minh northern half of Viet-Nam, even though it might in the short run restore internal order.

4-5. We agree with Mendes-France's feeling that perpetuation of Bao Dai in present role preserves thread of legality. We believe however that when some legislative body can take over from him his present appointive powers the time will have come to remove him from the scene.

5-6. OCB on October 20 approved initiation military training program by MAAG Saigon to be undertaken soonest with personnel and other resources now available there. Necessary instructions to MAAG and Embassy now in process. We hope this step, together with delivery of President's letter to Diem, will strengthen Diem in his relations both with French and other Vietnamese. |||

6-7. In summary, unless Diem receives unreserved U.S. and French support, his chances of success appear slight. With such support, his chances are probably better than ~~they~~ even repeat even.

Hoover
acting

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21 Oct 54

1830 hrs

U.S. TRAINING OF VIETNAMESE FORCES

Immediately following this note is a draft joint State-Defense cable on the above subject. This cable carries out the gist of the GCS decision of 20 October. It is being acted on this evening by the Joint Chiefs of Staff. General Erskine will undertake to get Mr. Wilson's approval of the JCS action first thing Friday morning and to communicate Mr. Wilson's reaction to Adm. Radford prior to the NSC meeting. Mr. Hoover, who has agreed not to send the message until final Defense clearance is obtained, will probably seek Defense concurrence in the cable at the NSC meeting in connection with his report on Indochina.

Unless the JCS or Mr. Wilson have some objection which it is not now expected (Adm. Radford will know in the morning), it is suggested that you concur in the dispatch of the cable as written.

DRAFT

5405
Copy 1 of 6

21 Oct 1954

TO: Amembassy SAIGON

JOINT STATE-DEFENSE MESSAGE TO US AMBASSADOR SAIGON AND CHIEF OF US
MAAG SAIGON

The following message contains the policy of the US Government and your
instructions necessary to carry out paragraphs 10-a and 10-d, Part IV of
NSC 5429/2:

PART I US Governmental Policy

(1) It is US Govt. policy to support the Government of Free Vietnam
under the Premiership of Ngo Dinh Diem and to assist that Government initially
(a) to promote internal security and political stability in Free Vietnam,
(b) to establish and maintain control by that Government throughout the
territory of Free Vietnam, and (c) effectively to counteract Viet Minh
infiltration and paramilitary activities south of the 17th Parallel.

(2) For these purposes and utilizing existing Vietnamese armed forces,
it is the policy of the US Govt. that all appropriate agencies and MAAG Saigon
should immediately develop and initiate with the Vietnamese Government a
program for training that number of Vietnamese armed forces necessary to carry

out the above missions. US agencies now agree no efforts should be spared in finding ways to begin and carry out such a program in the shortest possible time. The use of areas outside of Vietnam and various means of increasing US training personnel should be exploited to the fullest.

(3) The initial target will be the reorganization and training of those armed forces required for the internal security and support of the legal Government of Free Vietnam. The ultimate objective and the composition of US support of Vietnamese forces required to achieve these or other longer range objectives is presently under study by the appropriate US Govt. agencies.

(4) It is fully recognized that, to be effective, US MAAG Saigon must have adequate authority, responsibility, augmented strength, and full support from Vietnamese and French authorities. The activities and functions of MAAG Saigon must be carried out without interference by, but with appropriate coordination and assistance from French authorities.

PART II INSTRUCTIONS FOR MAAG SAIGON

(1) In implementation of this policy, US MAAG Saigon immediately will:

(a) Assist in the reorganization of the Vietnamese armed forces and provide such training and support as will contribute to the maintenance of the legal government of Vietnam on a broad national basis and under the Premiership of Ngo Dinh Diem.

(b) Seek initially the reorganization and training of those Vietnamese armed forces required for internal security and the support of the legal government.

(c) Develop immediately and take initial steps to implement with the Government of Free Vietnam a program for the training of those Vietnamese forces necessary to counteract Viet Minh infiltration and paramilitary activities.

(d) Continue to coordinate closely with the US Ambassador to ensure that these activities are consistent with the policies of the United States regarding the legal government of Free Vietnam.

(2) In view of the critical international implications of this program, the major decisions to be taken in Washington, and the continuing review of the longer range implications, it is requested that US MAAG report regularly and make recommendations concerning all significant developments affecting this program.

PART III INSTRUCTIONS FOR THE AMBASSADOR, SAIGON

(1) You are requested to undertake the necessary discussions and negotiations with the Government of Free Vietnam and local French authorities to obtain agreements (a) ensuring US MAAG Saigon will have the necessary authority, responsibility and freedom of action to carry out the above program; and (b) assuring the cooperation, coordination and assistance from Vietnamese and French authorities and personnel at all levels in Free Vietnam.

(2) You will immediately consult with Chief MAAG to formulate the detailed agreements and assurances which MAAG requires.

PART IV FOR US AMBASSADOR. PARIS

(1) You are requested to inform French Government of these instructions and to seek its agreement immediately to authorize General Ely to conclude the necessary agreements with the US Ambassador Saigon and Chief MAAG to implement the above program.

FYI the Department of State is immediately undertaking to obtain appropriate understanding and means of augmenting the MAAG strength.

October 21, 1954.

State-Mr. Young; Defense-Mr. Godol; Mr. Sullivan; CCB-Mr. Staats, Mr. MacDonald.

ITEM 4 (For Information)

INDOCHINA

1. This will be an oral report on the subject by the Chairman of the OCB, Herbert Hoover, Jr., or someone designated by him. It will probably include a summary of the recent U.S.-French discussions on Indochina as well as of the current situation there.
2. The OCB, at its 6 October meeting, requested its special Working Group on Indochina to prepare a program of economic and military aid to the three Associated States to include both direct aid and aid to be granted in coordination with the French, these aid programs to be based on the tentative force goals developed by the JCS. This program is now being developed. The JCS recommended force goals are attached as TAB A; State comments thereon as TAB B.
3. At its meeting of 13 October, the OCB agreed that State and Defense, as a matter of urgency, should develop guidance on U.S. training of Free Vietnamese forces for approval by the Board at its meeting on 20 October. Mr. Cutler has expressed considerable concern at OCB meetings over the failure on the part of the U.S. to get a military training program underway in Vietnam. The JCS, however, have been dubious regarding this sort of U.S. military involvement in Indochina because of the unstable political situation and the limitations on the size of the MAAG imposed by the Geneva Agreement and recommended against such training unless political considerations were overriding (see TABS C and D). At the OCB meeting of 20 October, State said political considerations are, in fact, overriding and the OCB is, we understand, directing immediate commencement of U.S. military training in Vietnam. The OCB's draft recommendations are at TAB E.
4. This OCB action may have broken the log-jam of inactivity regarding Vietnam which has gripped the U. S. Government since Geneva. However, there are many other possible psychological and political action programs which may deserve a try in a real effort to keep free Indochina from being assimilated by the Communists. Therefore, continued, streamlined efforts by the Departments and Agencies concerned, given highest priority, seem necessary.

RECOMMENDATIONS

5. It is recommended that you suggest that the Council:
 - a. Discuss whether the current U. S. approach to the problems of Indochina is yet fully adequate to achieve our objectives there.
 - b. Reaffirm its belief that the development and implementation of effective programs with regard to Indochina be given highest priority attention within the Departments and Agencies concerned and that the present action machinery be streamlined to the extent possible.

Draft Recommendations for CCB on Training in Viet Nam

The CCB today took the following position on this matter in order to carry out paragraphs 10-a and 10-d of Part IV of NSC 5429/2:

1) It is necessary for US MAAG/Saigon to be authorized immediately to undertake the functions of providing military advice and training as appropriate to Vietnamese forces at all levels for the development and maintenance of internal security. Within its capabilities, US MAAG/Saigon should assist in the reorganization of the Vietnamese armed forces and give them such training and support as required to sustain the legal government of Vietnam.

2) The training and advisory activities of US MAAG/Saigon should be closely coordinated with the Ambassador to assure that military advice and training support the policies of the United States regarding the maintenance of a legal Vietnamese Government having a broad base of national union and under the premiership of Mr. Ngo Dinh Diem.

3) Utilizing existing Vietnamese Armed Forces the appropriate agencies of the US Government and existing US MAAG/Saigon should develop immediately and take initial steps to execute with the Vietnamese Government a plan for training minimum Vietnamese security forces necessary to counteract Viet Minh infiltration and paramilitary activities. The mission of such forces should be to enable the Government of free Viet Nam to establish and maintain its control throughout that territory. No efforts should be spared in finding ways to begin and carry out such training in the shortest possible time. The use of areas outside of Viet Nam and various means of increasing US training personnel should be exploited,

4) This training should be carried out without interference from but with appropriate coordination and assistance from French military authorities.

5) The initial target will be the reorganization and training of the minimum armed forces required for internal security in support of a legal government. The question of ultimate total size and U.S. support of Vietnamese forces will be left for later determination.

6) The State Department will undertake to obtain from the Vietnamese and French Governments the necessary agreements as to adequate authority, responsibility, and augmented strength of the US MACG/Saigon.

THE WHITE HOUSE
WASHINGTON

October 25, 1954

MEMORANDUM FOR MR. BOWEN
GENERAL BONESTILL ✓

As you know, the President has asked me to summarize as briefly and as objectively as I can the "Policy and General Observations" part of the Van Fleet Report, at the Council Meeting on October 23.

For your use in briefing the Secretary, I enclose my draft of such a summary.

This summary is not for distribution. The attached copy is intended only for you and the Secretary.

Bill
ROBERT CUTLER
Special Assistant
to the President

ATTACHMENT

22 October 1954

In reply refer to I-7486

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: The Van Fleet Report on His Mission to the Far East

Mr. Cutler has asked me to advise you that he has discussed the report with the President the Van Fleet Report. He feels that the broad views of General Van Fleet should be made known to the members of the National Security Council, even though they may be somewhat different from present policies, in order that it cannot be said in the future that the views of such a distinguished person who is very familiar with the Far East were not considered in reviewing U. S. policy toward the Far East. Therefore, Mr. Cutler intends to give the NSC a very brief presentation of General Van Fleet's views in connection with the discussion of the Far East, scheduled for the meeting on Thursday, 23 October.

SIGNED

C. H. BONESTEEL, III

Brigadier General, United States Army
Defense Member, NSC Planning Board

cc: ASD (Comptroller)

Director, CFMA
Director, CMA

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REPORT OF THE VAN FLEET MISSION TO THE FAR EAST

SUMMARY OF GENERAL AND POLICY OBSERVATIONS

Chapter 5 - United States Position in the Far East: An Appreciation

1. The Problem: The problem before us is the failure of U.S. leadership in the Far East. In the light of enormous communist gains in Korea and Indochina, and the generally deteriorating situation throughout the area, the national security policies we have been following are pointing towards ultimate defeat. We must exercise necessary leadership and develop appropriate policies for that role.
2. The Enemy's Design: So long as the Chinese Communist regime exists, it will not abandon its goal of conquest, or dominance of East and South-east Asia. For the next several years, Communist China is a greater menace to the Free World than the Soviet Union itself.
3. Implementation of the Design: Since the end of World War II, the Chinese Communist regime has waged a relentless war against the free world, specifically the United States. The conquest of China, Korea and Indochina have been stages. Geneva is but a first installment. It appears certain that Communist China will press on towards the objective of controlling all of Southeast Asia. Her further aggressive aims have been publicly announced ("liberation" of Formosa -- Ho Chi Minh's intention to take over all Vietnam). Communist China regards the Korean armistice only as a deferral of the ultimate aim of control of all Korea.
4. The Common Enemy: The common enemy in the Far East is Communist China, aided and abetted by Soviet Russia. Communist China has pursued a middle course -- pushing forward her program of conquest, but never to the point of precipitating unlimited war with the U.S. We, by our actions and inactions, have transformed a once weak communist regime into a world power. Peace with freedom cannot be restored to Asia as long as the Chinese Communist regime continues to exist. Unless we stop her now, the results will be catastrophic and we will be forced to intervene eventually anyway to restore the balance.
5. Implications of Free World Defeat: Further defeats could lead to a chain reaction and loss of the whole area, including India, to the Communist orbit -- or its neutralization. Communist control of Asia would be an important step towards control of Europe.

"We must recognize that the defeat we . . . have suffered in Indochina is merely a part of the price we are paying for weakness in Korea -- for the Red Chinese victories in Korea that our self-imposed limitations forced on our commanders, for an armistice that relieved Red China of the strains of war . . . The future will reveal other prices we must pay for the free world defeat in Indochina."

- 2 -

"Toward the last stages of the war in Indochina, those who opposed intervention" . . . expounded the principle that two conditions were necessary to justify our intervention: First, that the local government must exercise effective control; and second, that the local population must be friendly to the United States. In reality, this principle is largely a paraphrase of the position developed in the State Department's 'China White Paper' . . . to explain our failure to prevent the loss of the mainland of China to the Communists. Moreover, it must be pointed out that it is a very dangerous doctrine that invites explanations for future failures and defeats. Its greatest danger is that it overlooks a prime responsibility of leadership, i.e., to strive to create conditions favorable for positive action."

6. Defeat Unnecessary: --Our defeat is unnecessary. There are large indigenous material and human resources in the area which can be developed and harnessed in the event of hostilities with Red China. Twice we let slip the "decisive strategic opportunity" of subtracting Communist China from the Soviet orbit, and thus beginning the rollback of Communist power in Korea and Indochina. When Chinese communist aggression starts again, as it undoubtedly will, we must be prepared to strike back and seize that strategic opportunity.

7. Free World Assets: Considered separately, the problems of Korea, Formosa, Japan and the Philippines appear insoluble except through ultimate defeat; for these countries are in the line of march for communist conquest. On the other hand, considered as a regional area, linked to U.S. influence and power, they have assets of great present value, and even greater potential value. [General Van Fleet then analyzes the actual and potential strengths of these countries, emphasizing the role they might play in a united offensive with the U.S. against Communist China/.

8. Failure of Leadership: Despite the real and potential free world strength in Asia, we have continued to suffer one defeat after another. Our failure in the Far East is one of leadership; it is a failure to consolidate Free World resources of the Far East and make of those consolidated resources an instrument of Free World power and influence. We have failed to create conditions for the development of a strong, friendly role by Japan. We have failed to solve the Japanese-Korean problem. We have failed to solve the Japan-Philippines reparations problem. Our technical assistance and economic aid programs have been inadequate. Our educational and exchange programs have been weak and inadequate. Above all, we have failed to develop for ourselves a firm policy for the Far East, to decide what sort of a position we wish to build there. Under our present national security policies in the Far East, we are in no position to solve the dilemma, save by compromise built on compromise. Equally, we cannot redress the balance in Asia if we give Britain and France a veto over our policies in the area.

9. Halting the Shrinkage in the Free World: We are doomed to ultimate defeat in the Far East if we continue to be precluded from taking strong action. If the shrinkage of the free world is to be halted, we must begin the rollback of communist power. We must exert constant pressure against China to undermine her position. In the event of Communist assault on Formosa, we should take the offensive against China proper. Communist attack on the offshore islands would present us the opportunity of destroying a large part of the Chinese Communist air strength, and furnish the occasion for the start of the rollback which might profitably begin with the recapture of Hainan. American opinion will support such a strong policy in Asia.

Chapter 6. Observations of the Chief of Mission

10. This policy would have two aspects to be concurrently followed: (1) defensively, the development of increasing strength and stability in East Asia, (2) the maintenance of continuous pressures against the Communist apparatus. A regional, multi-national organization, integrating the assets of the nations in question, will insure the phased development of military, political and economic strengths. In particular,

"Under the conditions extant today, Formosa represents an asset which transcends considerations of pure defense. It constitutes the most important springboard for the projection of all manner of operations against the Chinese Communist mainland. It is the potential rallying point for the totality of non-communist Chinese in Asia, under a liberal political platform which could have a profound appeal to the Chinese masses. It houses a vehemently anti-communist government which could contribute significantly to a regional organization designed to solidify the free nations of Asia as a pre-requisite to action calculated to undermine and weaken the Communist bloc."

Chapter 7 - Explanation of Approach to Survey

11. "Cursory examination revealed that there were no positive and consistent United States policy statements . . . with respect to East Asia and its component countries. Similarly lacking were clear and unmistakable prime military missions for the forces of the several countries . . . Consequently, certain hypothetical policies were established in order to secure a quantitative measure of the forces required for the support thereof." The first envisages an intermediate policy designed to develop increasing strength among the free nations of Asia while maintaining pressures to undermine and weaken Asian communist regimes and being prepared to exploit by offensive action the situations created by such pressures. This policy, he states, is geared to the announced intentions of the Administration, although not adequately reflected in current national security policies. The second policy considers preventive war. The third policy considers a distinctly defensive posture.

General Van Fleet's analysis and recommendations as to the mission, size and composition of military forces for East Asian countries are apparently based primarily upon the first assumed policy, as illustrated by General Van Fleet's statement of the general mission of the expanded and improved East Asia indigenous forces stated in his "Summary of Recommendations on the Area as a Whole":

- (1) Maintenance of internal security;
- (2) Defense against external aggression;
- (3) Exertion of constant pressure against the Communist enemy;
- (4) Exploitation of opportunities arising from the cumulative effects of constant pressure against the enemy, and
- (5) Development of an adequate base for maximum mobilization in the event of war with Communist China or a general war.



DEPARTMENT OF STATE

Memorandum of Conversation

DATE: October 26, 1954

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SUBJECT: Indochina.

PARTICIPANTS: The Secretary
The French Ambassador
Mr. Tyler, WECOPIES TO: 1-2 S/S - (2) - 433173
3 IG - 433177
4/C - 433172
5-6/EUR - (2) - 433173
7/FE - 433174
8/PSA - 4331747 WE - Mr. Tyler; Mr. West - 433173
8 POLI - (2) - 433173
9 Embassy Paris

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Ambassador Bonnet called on the Secretary at his own request. He said that he had not been instructed to make a demarche but had come on his own initiative to express his misgivings and deep anxiety with regard to the course of events in Indochina. He said that the information he had received officially, and in personal communications from General Ely, led him to feel that the chances of Diem succeeding in forming a government of national unity and of acquiring authority were very slight.

He said that General Ely, in whom he had unbounded confidence, had done everything he could to bring about a settlement of the Diem-Hinh quarrel. He had succeeded in obtaining from Hinh the undertaking that he would limit himself entirely to military affairs and would stay away from politics. He had brought Hinh to the point where he had agreed that he would take orders from Diem. However Diem had on his part been adamant and is insisting on getting rid of Hinh. This deadlock has created a dangerous situation in which some of the younger officers behind Hinh are beginning to agitate to the point where the possibility of civil disorder cannot be excluded. Should this happen, the French Expeditionary Force would in no circumstances go into action against Vietnamese troops but would only look toward its own security.

The Ambassador commented in a rueful tone that "France now had everyone against her in Indochina." He said that the President's letter to Diem had created a sensation in Saigon and was being interpreted as superseding the

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Washington agreements, by which Ambassador Heath need no longer consider himself bound. It was felt that the President's letter had given Diem full rein without requiring of him as a preliminary condition that he should first succeed in forming a strong and stable government, even though this preliminary condition had been part of the basis of the Washington agreements.

A further aspect of the President's letter which is giving the French concern is the use which the Viet Minh could make of this step in relation to the Armistice agreement. The Ambassador said that the Viet Minh would doubtless wish to exploit this possibility, especially if the situation were to deteriorate further. In addition to the French Expeditionary Force now located in Southern Viet Nam, there was the matter of the troops in Haiphong, which were not to be evacuated until May 1955. All this added up to a very delicate situation, potentially dangerous and of uncertain prospects. The Ambassador said that in all good faith, and despite the best will in the world to make the Diem experiment work, the outlook seemed to be deteriorating rapidly. He was also concerned by what seemed to him to be a lack of Franco-American coordination with regard to the course of action to be taken in Indochina and said he hoped it would be possible for us to consult each other again more closely, and bring our positions together.

The Secretary said that he was giving the situation in Indochina the greatest attention, and he agreed that it was a difficult and delicate problem. He pointed out that Diem needed all the support that he could get from every quarter and that it was not enough to say that one was going to support Diem but that he hadn't much chance. The support must be positive and continuous in order to be effective. The Secretary said that he had had a talk with Premier Mendes-France in Paris on Indochina and that he would shortly be sending him a message about the situation there.

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November 17, 1953

MEMORANDUM FOR THE PRESIDENT

Subject: General Collins' Recommendations Regarding
Military Force Levels in Viet-Nam

General Collins has submitted a report and his recommendations regarding force levels in Viet-Nam. A breakdown of the proposed forces as recommended is attached as Tab A.

In summary, the main points of his report are as follows:

1. It would be disastrous if the French Expeditionary Corps were withdrawn prematurely since otherwise Viet-Nam could be overrun by an enemy attack before the Manila Pact Powers could act.
2. The United States should continue to subsidize the French Expeditionary Corps during calendar year 1955, at least to the degree of one hundred million dollars, to encourage the French to retain sufficient forces. (The current rate of U.S. subsidy is four hundred million annually).
3. The Vietnamese National Army, now totaling 170,000 should be reduced by July 1955 to 77,000. It should be placed under Vietnamese command and control by that date. It would be organized into six divisions, three of which would be field elements designed to reinforce the balance of the Army which would be stationed in regimental and battalion garrisons throughout the provinces. A small Air Force and Navy is provided for. The cost to the U.S. would be two hundred million dollars annually. (This is less than current costs).

4. The United States should assume training responsibility for the Viet-Nam National Army by January 1, 1956 with French cooperation and utilizing French trainers.

5. General Ely, the French Commander, is agreeable to a slow build-up of our MAAG for training purposes.

/s/
John Foster Dulles

Enclosure:

Tab A - Recommended Force Levels - Viet-Nam.



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

November 24, 1954

DEF. SEC. HAS SEEN

INTERNATIONAL SECURITY AFFAIRS

AID TO FRANCE RE INDOCHINA

At a meeting held today at 3:00 P.M., FOA Administrator Stassen told French Ambassador Bonnet that the United States would contemplate, subject to an agreement being reached between Generals Collins and Ely, and subject to discussions with certain Congressional leaders, the following future aid to France with respect to Indochina:

(a) The sum of 100 million dollars for support of the French Expeditionary Corps during the calendar year 1955. Any counterpart French francs accruing after January 1, 1955 from any U. S. aid with respect to Indochina would be applied in discharge of this commitment if such commitment is actually made. Likewise, any savings effected as indicated in Sub-division (b) below in expenditures of the 1954 budget programs would be applied against this commitment if and when made and not be an addition to it.

(b) The programmed 1954 budget expenditures in respect to the French Expeditionary Corps would be continued but would only cover supplies, equipment, etc. actually sent to Indochina on or prior to December 31, 1955. As stated above, if this arrangement resulted in any savings below the original 785 million dollars programmed for this French budget support, such savings would be first applied against the foregoing 100 million dollar commitment and not be made available to the French in addition thereto.

I had had no notice of this meeting prior to 2:00 P.M. today when I arrived at the airport on return from New York City where I attended the Navy League Dinner last night. The time of my return was dictated by the fact that I was traveling by commercial transport and no seats were available until the 12:20 P.M. plane from New York City. The notice of the meeting to the Defense Department as distinguished from me personally

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was not received until 1:00 P.M. today. Both Stassen's office and the State Department disclaim responsibility for the lack of notice, but Molting of State indicated to me over the telephone that the meeting was known to the State Department since last Saturday.

Orally at the meeting, I stated that the Department of Defense had not had any opportunity to check the details of the 100 million dollars mentioned for FEC support during the calendar year 1955. Through pencilled notes, I informed Stassen while he was talking that the Department of Defense had never agreed to the original position paper in that respect which was based on a recommendation from General Collins without any details showing the basis of his calculations. In addition, such notes made clear to Stassen that I had called Livingston Merchant on Monday, November 22, and asked him whether and when any meeting would be held with the French on the subject of financial aid to the FEC and otherwise in Indochina, stating that Defense had some ideas it would like to present. I told Mr. Merchant that I did not feel it was Defense's job to get in touch with the French, that I assumed State would take the lead in that respect and that State would get in touch with Defense so that we might compare notes before any meeting. Mr. Merchant agreed with that position but did not at that time mention the fact that any meeting was scheduled with the French for Wednesday, November 24.

Ambassador Bonnet at the meeting indicated that the 100 million dollar support for the FEC during calendar year 1955 was far below the amounts which the French had expected to receive from the United States in that respect and that if the United States remained firm at that figure, General Ely would probably have to make a substantial revision in his estimates as to the numbers of men in the FEC to be retained in Indochina. Ambassador Bonnet stated that he would communicate Stassen's statements to the French Government and that it would probably take some days before any reply could be made. Stassen endeavored rather briefly to argue with Bonnet that 100 million dollars would be sufficient in the absence of any war activity, pointing out that only 256 million dollars had been utilized by the FEC (based on bills received to date) under the Laniel-Navarre Plan which required much greater activity on the part of the FEC. Bonnet replied that all of the bills are not yet in and that while he could not make any calculations, he was confident that the 100 million dollars would not meet the current Ely program with respect to the FEC.

During the meeting I examined the piece of paper from which Stassen was reading. It was a single sheet which I had never seen before and on it was indicated that certain details had been received from Collins with respect to his 100 million dollar calculation for the FEC during calendar 1955. I have never seen such details and do not know whether they have been made available to my office. Furthermore, the typewritten portion of such sheet stated that no budget support would be granted to supplies, equipment, etc. not received in Indochina without specifying any limiting date. The idea of a limiting date in this respect of December 31, 1955 was inserted in pencil.

After the meeting, I complained to Stassen about our lack of notice of the 3:00 P.M. meeting today. He replied that he personally had not received any longer notice than I had and that the entire commitment as phrased was based on the Dulles desire to communicate as promptly as possible to the French that their expectations of receiving budget support in the amount of \$300 million for calendar year 1955 were without foundation and that the 100 million dollar commitment as made was based on the recommendation from General Collins. I replied that I was fully aware that Secretary Dulles did not want to give the French a valid excuse for pulling out of Indochina completely and leaving the problem in our hands without the French available to bear any responsibility, but that Defense had not agreed, insofar as I knew, to the original position paper on this subject and had accepted the Collins recommendation of \$100 million subject to an opportunity to check the basis of his calculations. I further explained that I had told the State Department (I believe it was Livingston Merchant, but it might have been Nolting) during the Mendes-France and Dulles talks that I believed we should express any statements made about 100 million dollars for the FEC as a maximum and give the impression that it might be reduced. Such was not done by Stassen and apparently my expression of opinion had never been communicated to him.

I further made the point that Defense had a substantial interest in these matters, that Defense approval should be sought in advance of any discussions with the French or at least Defense be given an opportunity to express its opinion and that any meeting scheduled should only be after adequate

notice to Defense. Stassen agreed with such a proposition as being reasonable and sound and stated that he did not know how the slip had occurred with respect to today but that he would look into the matter.

7/3/54
H. Struve Hensel

DEPARTMENT OF STATE

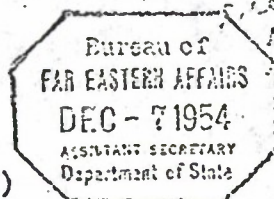
Memorandum of Conversation

DATE: December 7, 1954

SUBJECT: Vietnam and Southeast Asia

PARTICIPANTS: Senator Mike Mansfield
 Assistant Secretary Walter S. Robertson
 Assistant Secretary Thurston B. Morton
 Mr. Kenneth T. Young, Jr.

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American Embassy, Paris
 American Embassy, Saigon

At the Secretary's request Mr. Robertson, Mr. Morton and Mr. Young went to see Senator Mansfield this morning with respect to General Collins' analysis of the situation in Vietnam (Saigon's 2103 of December 6). Mr. Robertson explained to Senator Mansfield that the Secretary had a summary of this telegram early this morning and had asked that it be brought to Senator Mansfield's attention so that the State Department might have the benefit of his reaction and advice.

After reading the telegram and discussing various points Senator Mansfield stated his conclusions as follows:

1. The prospects for helping Diem strengthen and uphold South Vietnam look very dim given the best of circumstances. Any elections in 1956 will probably favor the Communists.
2. Nevertheless, the United States should continue to exert its efforts and use its resources, even if it will cost a lot, to hold Vietnam as long as possible. Any other course would have a disastrous effect on Cambodia, Laos and Southeast Asia. The Senator strongly opposed the idea of abandoning our effort in Vietnam. That course of action would lead to the absorption of Cambodia and Laos by the Communists.

3. Therefore,

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3. Therefore, he felt we should continue to do whatever was possible to support the government of Diem. Senator Mansfield sees no alternative Prime Minister. While recognizing Diem's weaknesses as an administrator and manager, Senator Mansfield feels we ought to continue to back Diem, strongly encourage him to make Dr. Quat Minister of Defense immediately, and urge Diem to delegate as much as possible of the day-to-day operations of the government to others. Senator Mansfield was of the opinion that General Collins' time limit of two to three weeks was playing with "political dynamite" because it was giving Diem such an awfully short time in which to show results or be replaced.

4. With respect to Mr. Robertson's point that the French would subject the Secretary to great pressure on immediately finding a replacement for Diem, Senator Mansfield took the strong position that this line of action would only confound the already great difficulties in Vietnam. It would add much confusion, take time, and probably increase the divisions within Vietnam beyond what they are today. Senator Mansfield was certain the refugees and many of the Catholic bishops and church officials would oppose the replacement of Diem. The Senator felt that Diem represented what small hope there may be in building something in Vietnam. He was against relinquishing even the small chance we have with Diem for some unknown and untried combination.

5. Senator Mansfield agreed with General Collins' recommendation that Embassy Paris urge Bao Dai to cease the long distance wirepulling from the Riviera and to give Diem complete backing and initiative to run the government without interference from Bao Dai. Senator Mansfield strongly urged that it was so important to get this idea across to Bao Dai that Ambassador Dillon himself should make the approach assuming the publicity of such a meeting could be kept to a minimum. The Senator also felt very strongly that Bao Dai should not return to Vietnam.

6. In addition to the above, Senator Mansfield said that Dr. Quat in his opinion was an able man who could do much to help bring the army under control and into loyal support of the government. He hoped Diem would appoint Quat right away. The Senator said that the remarkable aspect of Diem was unlike most of the Vietnamese, he really was honest, incorruptible and a devoutly dedicated nationalist as well. However, the Senator expressed the personal view that in politics one often has to make some compromises in order to get results. He thought that Diem should be encouraged not only to delegate responsibilities to trusted and capable ministers, but should also give in to a certain amount of compromise. The Senator suggested that Dr. Fishel would probably be the best person to work out with Diem the problem of delegation and political adjustments. It was clear that the Senator had great confidence in Dr. Fishel. He hoped that the Department and the Embassy would give the latter full leeway and since he appears to have the complete confidence of Diem. On Mr. Robertson's point

that.

that the French and the British would continue to push very hard for Tam, Senator Mansfield was firmly opposed to our accepting Tam or exerting any pressure at all on Diem to include Tam in his cabinet. Senator Mansfield agreed with Mr. Robertson that to do so would compromise the cabinet and provide the Communists with a ready made argument for charging the Diem government with being a puppet of the old colonial regime.

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FROM: PARIS

TO: Secretary of State

NO: 2448, DECEMBER 9, 3 P.M.

Assigned to

Action To Control: 4164

Rec'd: DECEMBER 9, 1954

11:16 A.M.

Date of Action 12/10

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Name of Officer

Signature to DGR

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FAR EASTERN AFFAIRS
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Department of State

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SENT DEPARTMENT 2448, REPEATED INFORMATION SAIGON 353

REDEPTTEL 2383 (SAIGON 2332).

BELIEVE EMBTELS 2433 AND 2434, DECEMBER 8 ANSWER IN GENERAL
TERMS REFERENCE TELEGRAM. OUR VIEWS NUMBERED QUESTIONS
REFERENCE TELEGRAM FOLLOW:

1. ANSWERED BY EMBTEL 2433.
2. ANSWERED BY OUR COMMENT FINAL PARAGRAPH 2433.
3. QUESTION OF BUDGET PRESENTATION, BY WHICH WE UNDERSTAND
YOU MEAN THE MATTER OF TIMING, OF COURSE INTENSIFIED PRESS-
URE REACH DECISIONS BY JANUARY 15, BUT IS NOT AT ROOT OF BASIC
PROBLEM. AS INDICATED PARAGRAPH ONE EMBTEL 2433, FRENCH GOVERN-
MENT ALREADY CONSIDERING DECISION ACCELERATE WITHDRAWAL EXPEDIT-
IONARY CORPS AND PROBLEMS RELATED THERETO, INCLUDING CIVILIAN
EVACUATION, AS DIRECT RESULT UNITED STATES DECISION PROVIDE
ONLY ONE-THIRD AMOUNT REQUESTED FOR MAINTENANCE F.E.C. IN 1955.
4. WE BELIEVE FRENCH FOR MOST PART SINCERELY CONVINCED THAT
UNLESS EITHER DIEM GOVERNMENT PROFOUNDLY MODIFIED AND STREN-
GTHENED OR ALTERNATIVE STRONG GOVERNMENT ESTABLISHED BY SOME-
TIME DURING JANUARY AT LATEST, VIETMINH EROSION IN SOUTH
VIETNAM WILL HAVE PROCEEDED TO POINT WHERE VIETMINH CAN REAS-
ONABLY EXPECT TO BECOME PRINCIPAL FORCE PRESENT IN SOUTH BY
TIME JULY 1956 ELECTIONS. HOWEVER, WE WISH REFER THIS CONTEXT
OUR COMMENTS EMBTEL 2383 REGARDING FUNDAMENTAL ISSUES INVOLVED
VIETNAMESE SITUATION WHICH WE FEEL TRANSCEND AND TEND AGGRA-
VATE MORE IMMEDIATE, THOUGH CRITICAL, PROBLEM ACHIEVING
POLITICAL STABILITY SOUTH VIETNAM.

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-2- 2448, DECEMBER 9, 3 P.M., FROM PARIS

5. WE DO NOT BELIEVE FRENCH DECISION ACCELERATE WITHDRAWAL EXPEDITIONARY CORPS VIETNAM AND TO EVACUATE THOSE FRENCH CIVILIANS AND VIETNAMESE WHO WISH LEAVE AS RESULT THEREOF, WILL AFFECT APPRECIABLY FRENCH ACTIVITIES LAOS AND CAMBODIA, OR FRENCH DESIRE TO MAINTAIN ITS INFLUENCE MAXIMUM LEVELS THOSE TWO COUNTRIES, PARTICULARLY-ECONOMICAL AND CULTURAL FIELDS, SO LONG AS IT APPEARS REASONABLY CERTAIN CAMBODIAN AND LAO BORDERS ARE TO BE HELD BY FORCE IF NECESSARY-AGAINST POSSIBLE FUTURE INTESIFICATION VIETMINH PENETRATION.

DILLON

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DEPARTMENT OF STATE

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BUREAU OF
FAR EASTERN AFFAIRS

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COMMING TELEGRAM

Department of State

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FROM: Saigon

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TO: Secretary of State

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NO: 2250, December 13, 7 p.m. (SECTION ONE OF THREE)

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SENT DEPARTMENT 2250 REPEATED INFORMATION PARIS 706 PHNOM PENH
VIENTIANE UNNUMBERED.

LIMITED DISTRIBUTION

FROM COLLINS

Re DEPTELS 2305 repeated Paris 2094 and 2378 repeated Paris
unnumbered December 10.

This message in two parts.

PART I

Recent developments current situation follow:

1. Relations with French:

(A) Earlier this week Ely was on verge of signing minute of understanding on organization and training of Vietnamese armed forces. Now French have come up with new amendments requiring US respect Ely's responsibilities "under Geneva accords" and including long new "protocol" with several references to Geneva. Whether these new proposals come from Ely's legal staff or Paris I do not (repeat not) know, but inclined believe latter since Ely agreed to resolve few remaining minor points directly with me and since he has said several times that Paris political circles would have to be satisfied. I intend refuse accept any reference to Geneva accord or make any further concessions reference O'Daniel's full responsibility for training under Ely's broad direction.

(B) Interview with Sainteny, to which Ely and his officers continue to refer with Cahgrin, appears reinforce view that our relations with French in Indochina may remain less clear-cut than Ely wishes and has given me to believe they are

2. Latest developments re Quat:

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(A)

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DEC 14 1954
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Department of State

Control: 5865

Rec'd: December 13, 1954
7:15 p.m.

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5-22 on -2- 2250, December 13, 7 p.m., from Saigon, CN 5865

FE (A) Since Luyen's return from Paris, his open opposition to
Info Quat has undermined Diem's decision to appoint Quat Minister of
S Defense. On 11 December Diem informed Fishel as follows: six of
G seven cabinet members consulted by Diem have voiced strong opposi-
SP tion to Quat. Generals Phuong (Cao Dai) and Soai (Hoa Hao) have
declared they will withdraw from government and threaten open
EUR rebellion if Quat appointed. Because of location Hoa Hao terri-
R tor, Diem purports to fear General Soai might cut off rice supply
of Saigon-Cholon, block road and waterway traffic through coastal
areas and to Saigon, make war in Hoa Hao areas against national
IOP army which in present condition could not (repeat not) handle
situation. Diem fears also comparable action might be taken by
Cao Dai forces, including possible moves against government in
Saigon and vicinity.

(B) Diem told Fishel that he had informed Phuong and Soai that
Americans wanted Quat as Defense Minister. The Generals replied,
"a responsible American should speak for the Americans". Hence
Diem asked Fishel to transmit these "facts" to me, saying if I
or "some other person" can convince Phuong and Soai not (repeat
not) oppose actively the appointment, Diem will appoint Quat at
once. (A neat passing of the buck, we must admit). If sect
leaders persist in their opposition, Diem says he would be
inclined raise present Deputy Minh to Defense Minister and give
him full authority and responsibility over armed forces.

(C) I am quite convinced that Diem and brothers Luyen and Nhu are
afraid to turn over control of armed forces to Quat or any other
strong man. They may also fear Quat as potential successor to
Diem and hence are doing everything they can to keep him out of
any post in government. With General Hinh fired and General Vy
replaced as Chief of Staff by spineless General Ty, Diem has fairly
effectively seized control of army. I doubt Diem would delegate
real authority to Minh, but would retain meddling hand on details
to detriment O'Daniel's training mission and effective development
of armed forces.

(D) Through Colonel Lansdale's group and CAS, I am canvassing
attitude of sect leaders and genuineness of their alleged threats.
Depending on Lansdale's findings, I will consider (1) proposing to
Ely a direct US-French approach to General Soai, who Quat has said
will bow to French pressure; (2) having Lansdale suggest to Soai
that with Quat in defense all rice for armed forces would be pur-
chased from Hoa Hao (this was hint dropped some time ago by Quat
as means of buying off Hoa Hao); (3) sending emissaries to Soai,
Huong and Cao Dai Pope (Pham Cong Tan) making clear that any
rebellion would lead to withdrawal all American aid and inevitable
victory for Ho Chi Minh who would certainly not (repeat not)
tolerate private empires of Hoa Hao or Cao Dai.

(E) I realize disadvantages of forcing Diem to accept "American
choice"

-3- 2250, December 13, 7 p.m., from Saigon

choice" of Quat. However acceptance of status Quo, with Minh elevated to Defense Ministry and sects reinforced in veto power over government, is simply postponing evil day of reckoning as to when, if ever, Diem will assert type of leadership that can unify this country and give it chance of competing with hard, effective, unified control of Ho Chi Minh. Such a delaying action would appear to be justified only if we are preparing way for alternatives, as indicated in part II.

3. Resolution of Phan

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(#) Omission, correction to follow.

COMMING TELEGRAM

Department of State

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Bureau of
Far Eastern Affairs
DEC 14 1954
Department of State

Action Assigned to

Control: 5891 Action Taken
Rec'd: December 13, 1954
11:05 p.m.

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FE/ FROM: Saigon

SS TO: Secretary of State

P NO: 2250, December 13, 7 p.m. (SECTION TWO OF THREE):

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Name of Officer

Direction to DC/R

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SENT DEPARTMENT 2250, REPEATED INFORMATION PARIS 706, PHNOM PENH UNNUMBERED.

Rang-Pahn Thiet affair:

Compromise solution in matter of rebellious officers has been found and is apparently satisfactory to army command and Prime Minister.

4. Army Chief of Staff and Inspector General:

At midnight 12-13 December Generals Vy and Ty took office as Inspector General and Chief of staff Vietnam armed forces, respectively. Details of Vy's duties not yet known.

15. Diem's declaration of confidence in Army:

December 13 Diem published declaration expressing confidence in Army and calling on all ranks to join with people in building free, independent Vietnam.

Postscript.

6. Re paragraph 1 (A) above: Ely and I this morning signed minute of understanding on development and training of autonomous Vietnam armed forces and agreed to wording of separate explanatory memorandum for record to accompany it. Final text of minute is based on our draft and I consider it wholly satisfactory. Texts follow by separate message.

7. Re paragraph 2 above: Ely and I agree this morning to take further steps to secure Quat's appointment. Ely discounts possibility sects will revolt if such appointment made. Ely said he would at once see Generals Phuong and Soai and inform them both French and Americans support Quat's appointment. Ely said he has little influence over Cao Dai Pope and recommended I see him. Ely will also intervene with Deputy Defense Minister Minh and ask him to remain three to six months as Quat's deputy.

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PART II

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-2- 2250, December 13; 7 p.m., from Saigon (SECTION 2 OF 3) ON 5891

PART II.

Possible alternatives to Diem Government:

1. As I see it, we have 3 possible courses of action in Vietnam:

(A) Continue support of Diem Government.

(B) Support establishment of another government which may be able to save situation.

(C) Gradually withdraw support from Vietnam.

2. (A) Difficulties and risk of support Diem have been covered in EMBTEL 2108 and PART I this message and other cables. Recent accomplishments have been minor considering magnitude of task ahead. Favorable developments include:

(1) Diem made first anti-Communist appeal to people 16 November.

(2) Diem-Hinh feud has been resolved, for present at least.

(3) Diem made trip to South Cochinchina to observe work by Army in its rehabilitation program.

(4) Phan Rang-Phan Thiet affair has been compromised.

(5) Vy and Ty have taken their new offices.

(6) 13 December Diem issued proclamation expressing confidence in the Army and calling on it to unite with people in the fight against Communism.

(B) Realize abandonment of Diem would embarrass US in view our public support present government. However, if it proves necessary, believe such embarrassment would prove insignificant compared to blow to anti-Communism in Asia and throughout world if US-supported free Vietnam were lost to Communism. I believe it would be better to take slight loss of prestige in near future while time to attempt other solution remains, rather than continue support Diem should failure appear relatively certain. We have not reached this point, though I have grave misgivings re Diem's chances of success.

3. In view of possibility that Diem will fail to rally unified support of army in fight against Communism, believe we should consider other solutions. Two alternatives (neither of which is too promising, but each of which should be considered in event of Diem's failure) are suggested:

(A) Have

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ction -3- 2250, December 13, 7 p.m., from Saigon. (SECTION 2 OF 3).
FE

Info (A) Have Bao Dai name Quat to replace Diem as President of Council. Quat is able, forceful and resourceful and though obstacles to his success exist, if given chance he might succeed where Diem failed. Whether the various selfish groups in the country would give him that chance is question. He is northerner, has only slight political following and, as indicated in PART I, faces considerable opposition. With complete confidence and support of Bao Dai, however, he might succeed; without it he would surely fail.

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IOP (B) (1) Second alternative is to have Bao Dai return to Vietnam under "state of emergency" conditions, assume Presidency of Council and rally entire nation to unified action. What is needed here more than anything else is leader who can fire imagination and patriotism of people and instill in them determination to fight for freedom of Vietnam. Bao Dai may be the last possible candidate for this task.

(2) I have been impressed with influence Bao Dai still exercises over leaders Vietnam. All leaders continue to refer to him as "His Majesty" and most regard him as the real source of authority Vietnam.

(3) To overcome obstacles, dramatize return and establish self as leader of Vietnam, Bao Dai could take steps such as:

(A) Turning over some of his holdings to government for distribution to peasants as step toward agrarian reform;

(B) Form an "emergency" Cabinet including best available Vietnamese -- Quat, Diem, others;

(C) Announcing withdrawal French military forces by some specific date;

(D) Issuing temporary democratic charter to guide government during emergency;

(G) Convening a representative assembly;

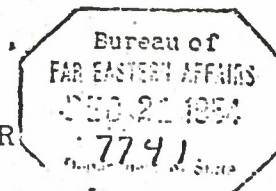
(H) Calling for a constituent assembly.

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TELEGRAM

Department of State

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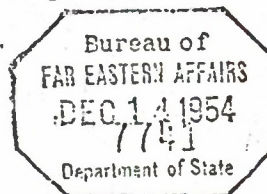
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Control: 5883
Rec'd: December 13, 1954
8:05 p.m.

FROM: Saigon

TO: Secretary of State

NO: 2250, December 13 (SECTION THREE OF THREE)



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SENT DEPARTMENT 2250, REPEATED INFORMATION PARIS 706, PHNOM PENH, VIENTIANE UNNUMBERED

1-C (gradual withdrawal from Vietnam) is least desirable, in all honesty and in view of what I have observed here to date it is possible this may be only sound solution. Should this be necessary, it may be wise to concentrate effort on saving Laos-Cambodia-Thailand-Burma-India line -- if possible with latter's active support. Realize Department has probably given consideration to some such alternative. I will not presume to advise steps to be taken at this time, other than suggest that we attempt persuade India recognize Governments Laos and Cambodia soonest.

7. Summation: (a) At present I am highly dubious of Diem's ability to succeed but prefer to reserve final judgment till early part of January; (b) alternatives to support of Diem should be thoroughly explored within US Government.

8. Recommendations: (a) US continue to support Diem at Paris; (b) not consider alternatives paragraph 1-B with French until after I have communicated my final judgment to Department.

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Date of Action

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Direction to DC/R

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C-R I-8270 (Uncl)

Dec 14 1954

Dear Mr. Chairman:

The Secretary of Defense has requested that I reply to your letter of 17 November 1954 to the Director of the Foreign Operations Administration requesting a report on the military aid situation in Indochina.

The facts of the military aid situation in Indochina insofar as the Department of Defense is involved follow:

a. The value of MDAP shipments to Indochina (in millions of dollars), including value of equipment furnished from excess U. S. stocks, as of 31 October 1954, is:

	<u>Total</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>
	<u>\$1,085.5</u>	<u>\$764.2</u>	<u>\$154.3</u>	<u>\$167.0</u>
Regular MDAP	948.0	633.1	151.7	163.2
Special Military Support	123.7	117.3	2.6	3.8
Common Use	13.8	13.8	0	0

b. No official reports of losses of armament and equipment have been released by the French. However, it is estimated by U.S. officials that the following items of equipment, valued at approximately \$1.2 million, fell into Viet Minh hands at Dien Bien Phu.

8	-	M-24 Tanks
4	-	155mm Howitzer Guns
20	-	105mm Howitzer Guns
30	-	81mm & 120mm Mortars
12	-	75mm Recoilless Rifles
150	-	Machine Guns
15,000	-	Small Arms

In addition to the equipment lost at Dien Bien Phu, small quantities of small arms, machine guns, ammunition and personal troop equipment have been captured by the Viet Minh during the prolonged military operations in Indochina.

C O P Y

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c. The Department of Defense has not supplied any fixed assets north of the 17th parallel.

d. Since the signing of the Geneva Agreement, all shipments of materiel to Indochina have ceased except those items required to alleviate suffering, prevent disease, and assist in the evacuation from North Vietnam.

e. The Department of Defense plans to initiate direct aid to Vietnam and Cambodia on 1 January 1955. The details of the military plans and MDA programs to implement such plans are under active study and development by appropriate agencies of the U.S. Government. There are no plans to give military aid to Laos at this time because under the terms of the Geneva Agreement, no U.S. military advisors are admitted in the country. The form of the aid for the two Associated States is to be concentrated on training a force capable of maintaining internal security and to eventually develop an army capable of fighting a delaying action in case of invasion from the North. It is hoped that the French Expeditionary Corps will remain in the area until native troops can be trained to replace them.

f. Negotiations with the French are being conducted at this time with the view of returning to U.S. custody all materiel no longer required in Indochina.

g. When the Geneva Agreement was signed, there were 211,000 long tons of MDAP materiel in French depots north of the 17th parallel. As of 20 November 1954, over 50% of this equipment had been evacuated. Fifteen-hundred long tons per day is the target for evacuating the above materiel. The daily averages of evacuation to date indicate that the French are more than meeting this target and it is estimated that all depot stocks will be evacuated from the North by 1 March 1956 and returned to depots in the South. Equipment issued to the various military units is evacuated with the units. The materiel in the South is being inventoried and upon completion, a determination will be made as to the equipment that is no longer required for operations in Indochina. Materiel that is not required will be returned to the custody of the U.S. for distribution to other areas. As an indication of the thoroughness of the French evacuation of military equipment, all pierced-steel planking used on airfield runways and taxiways have been dismantled and shipped to the South.

Sincerely yours,

Signed: H. STRUVE HENSEL

Honorable Alexander Wiley
Chairman
Committee on Foreign Relations
United States Senate

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C O P Y

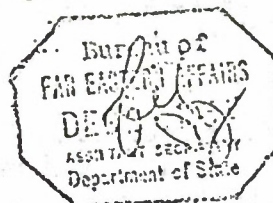
Office Memorandum • UNITED STATES GOVERNMENT

TO : FE - Mr. Robertson

DATE: December 17, 1954.

FROM : PSA - Ambassador Heath

SUBJECT: Comments on Saigon Telegram 2303



7793

1. The situation in Viet-Nam at the time of General Collins' arrival on November 7 might be described as follows:

A. The French had lost a disastrous battle at Dien Bien Phu and that Communist military victory had been compounded by a humiliating diplomatic defeat for the Free World at Geneva. The Communists had achieved a level of international recognition and position through these developments far exceeding any previous status.

B. Ngo Dinh Diem took office on July 7. He was the first "Nationalist" to assume the Prime Ministership. He was and is, anti-French, anti-Communist and personally honest. He is politically inept, stubborn and suspicious. In his four months of responsibility he had been faced with massive opposition, including a rebellious Army Chief who allegedly was an unwitting tool of the Communists, active French opposition and many other discouraging factors.

C. There is every evidence that the French did not want Diem to succeed. Reluctant acceptance by La Charbra (September) and Mendes-France (November) of the U.S. thesis of support of Diem, principally because of the lack of a better qualified candidate, may have eased French pressures against him but did not result in full French support.

2. Since General Collins' arrival, the latter has attempted to achieve a rapid solution, at least partially based on the concept that Collins' mission is temporary and a settlement appeared called for by the time of his originally scheduled departure in mid-January. (Since extended). General Collins' recommendations are now based on the circumstances of a satisfactory settlement prior to January 1. If no solution is found, he recommends:

a. Continued support of Diem for a short period but without committing specific U.S. aid programs.

b. Recalling Bao Dai, if acceptable to U.S.

c. Revaluation of our plans for assisting Southeast Asia.

d. If the situation continues without substantial progressive action to withhold support to the Viet-Nam Army and to increase support of the French Expeditionary Corps while evacuating our MDAP materiel.

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3. In our view, General Collins' recommendations ignore the basic factor that we would assist a Communist takeover by a withholding of our aid, even if it must necessarily be given to a government which is less than perfect.

The Secretary has analyzed the situation as one in which we are conducting a time buying operation. If we withhold our support to Viet-Nam, it will be taken over sooner than if we extend smaller aid, at a figure of about a third of last year. In the meantime, we will proceed to do what we can to strengthen Cambodia, Laos and Thailand. This is my understanding of the Secretary's policy.

4. I recommend we inform the Secretary and General Collins that we recognize the dangers posed by the above policy, but that in the lack of more useful alternatives that we will continue to support Diem, because there is no one to take his place who would serve U.S. objectives any better. This includes the Bao Dai solution which is opposed by the facts of Bao Dai's lack of support in Viet-Nam and his past demonstrations of inability to govern. The fear that a fiscal commitment of over \$300 million plus our national prestige would be lost in a gamble on the retention of Free Viet-Nam is a legitimate one, but the withholding of our support at this juncture would almost inevitably have a far worse effect.

Recommendation:

That the attached telegram be approved and sent.

See (1) Deptel 2273 Paris (2486 Saigon)
Dec. 17/54. (751g.00/12-1571) sec

(2) Deptel 2274 Paris (2487 Saigon)
Dec. 17/54. 751g.00/12-1754 TS

FE:PSA:DRHeath:rk

601
INCOMING TELEGRAM

Department of State

RECEIVED COPY

14-H

ction
SUR

Control: 8573

Rec'd: DECEMBER 19, 1954
1:27 P.M.

FROM: PARIS

TO: Secretary of State

NO: 2691, DECEMBER 19, 4 P.M. (SECTION ONE OF TWO)

NIACT

SENT DEPARTMENT 2691, REPEATED INFORMATION SAIGON 388,
LONDON 654.

LIMIT DISTRIBUTION - SAIGON FOR COLLINS

TRIPARTITE DISCUSSIONS ON INDOCHINA TOOK PLACE THIS AFTERNOON
AT MATIGNON.

DULLES OPENED CONVERSATIONS BY GREETING ELY AND CITING APPRE-
CIATION OF COOPERATION HE HAD SHOWN U.S. AUTHORITIES IN VIETNAM.
ELY GAVE REPORT CURRENT SITUATION AT MENDES' SUGGESTION. HE
SAID FIRST POINT TO BE CLEARED UP AFTER COLLINS ARRIVED WAS
SETTLEMENT GOVERNMENT-NATIONAL ARMY CONFLICT. ACCOMPLISHED BY
MEANS BAO DAI'S RECALL MINH. SECOND WAS TO TRY PREPARE PROGRAM
FOR DIEM GOVERNMENT. THIS DONE BUT QUESTION NOW HOW TO GET DIEM
ACCEPT FORMULA. THEIRS WAS HOW STRENGTHEN DIEM. ELY AND COLLINS
TRIED INTRODUCE QUAT WHO IS BETTER POLITICIAN AND ADMINISTRATOR
THAN DIEM INTO GOVERNMENT BUT SECTS AND DIEM BALKED. HE SAID ONLY
SUGGESTION EVER ACCEPTED BY DIEM WAS APPOINTMENT MINH AS MINISTER
DEFENSE.

MENDES INTERRUPTED TO MAKE TWO POINTS. FIRST THAT COLLINS AND
ELY THOUGHT THAT MINISTRIES OF INTERIOR AND NATIONAL DEFENSE SHOULD
BE COMBINED. BOTH OFFICES ARE CONCERNED WITH INTERNAL AFFAIRS
AND IT IS UNNECESSARY SEPARATE THEM AT THIS TIME. DIEM HAD
REFUSED THIS SUGGESTION TOO. SECOND POINT WAS THAT WORKING GROUPS
HAD BEEN ESTABLISHED IN SAIGON TO SUGGEST REFORMS TO GOVERNMENT -
BOTH ADMINISTRATIVE AND AGRARIAN. NOT A SINGLE REFORM SUGGESTED
ACCEPTED BY DIEM. MENDES DESCRIBED DIEM'S APPROACH AS WHOLLY
NEGATIVE. FRENCH GOVERNMENT NOW CONSIDERED THAT AS A RESULT OF
TODAY'S TALKS STRONG APPROACH WOULD HAVE TO BE MADE TO DIEM.

SUGGESTIONS

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-2- FROM PARIS, 2661, DECEMBER 19, 4PM SECTION ONE OF TWO

SUGGESTIONS SHOULD BE PRECISE AND ENERGETIC. THERE WAS NO TIME LEFT TOO ALLOW FOR ANYTHING LESS. MENDES WISHED REAFFIRM HIS PAST AGREEMENT WITH SECRETARY'S THESIS THAT WE MUST DO OUR MAXIMUM TO PERMIT DIEM GOVERNMENT TO SUCCEED. NOW HE WISHED ADD THAT HE WAS NO LONGER SURE THAT EVEN MAXIMUM WOULD HELP. HE SAID WE MUST NOW HAVE ALTERNATE FORMULA IN MIND. WITHOUT VARYING FROM OUR STATED PURPOSE OF SUPPORTING DIEM GOVERNMENT AS LONG AS IT EXISTS WE MUST NOW PREPARE IN OUR MINDS FOR ALTERNATIVE.

SECRETARY REPLIED THAT HE RECOGNIZED TASK IN SOUTH VIETNAM WAS DIFFICULT ONE. DIFFICULT BECAUSE IT REQUIRED THAT GOVERNMENT BE BUILT OF INDIGENOUS PEOPLES WITH LITTLE OR NOT EXPERIENCE. MOREOVER, THEY HAD TO BUILD IN TIME OF GREAT STRESS FOLLOWING MILITARY DEFEAT, TEMPORARY PARTITION AND WHILE THERE WAS GREAT INFUX OF REFUGEES FROM NORTH. SECRETARY REGARDED BASIC FACTORS AS FAVORABLE. PEOPLE WERE OPPOSED TO COMMUNISM AND HAD GREAT NATURAL RESOURCES. THEY HAD EXPORTABLE SUPRLUS. THEY RECEIVED GREATER AID FROM ABROAD THAN NORTH. BEGINNING OF JOINT FRANCO-U.S. TASK DIFFICULT, BUT SITUATION WAS MUCH IMPROVED NOW THAT THERE WAS FULL COOPERATION BETWEEN FRENCH AND AMERICAN AUTHORITIES. PROBLEM MUST NOT BE APPROACHED BETWEEN FRENCH AND AMERICAN AUTHORITIES. PROBLEM MUST NOT BE APPROACHED IN SPIRIT OF DEFEATISM. ONLY SERIOUS PROBLEM WE HAVE NOT YET SOLVED IS THAT OF INDIGENOUS LEADERSHIP. WE CANNOT EXPECT IT TO BE SOLVED IDEALLY BECAUSE THERE IS NO TRADITION AMONG INDIGENOUS PEOPLE FOR SELF-GOVERNMENT. WE MUST GET ALONG WITH SOMETHING LESS GOOD THAN BEST.

SECRETARY CONTINUED TO SAY THAT HE HAD NO RPT NO PERSONAL JUDGMENT OF PERSONALITIES INVOLVED, BUT OUR INDICATIONS WERE THAT DIEM WAS BEST MAN AVAILABLE IN SPITE OF FAILINGS. WE VISUALIZED CABINET WITH BROAD APPEAL AND AUTHORITY. THIS VISION HAS NOT RPT NOT BEEN REALIZED. DIEM APPEARS TO BE MAN CONSTITUTIONALLY INCAPABLE OF MAKING DECISIONS. US NOT RPT NOT COMMITTED TO DIEM IN ANY IRREVOCABLE SENSE. WE HAVE ACCEPTED HIM BECAUSE WE KNEW OF NO ONE BETTER. DEVELOPMENTS HAVE CONFIRMED OUR FEARS AS TO HIS LIMITATIONS BUT NO SUBSTITUTE FOR HIM HAS YET BEEN PROPOSED. THOSE SUGGESTED IN PAST VARIED FROM MONTH TO MONTH. NOW IT IS CLAIMED THAT ONLY BAO DAI CAN SAVE SITUATION. IF THAT IS CASE, THEN WE MUST INDEED BE DESPERATE. SECRETARY'S VIEW WE SHOULD CONTINUE BACK DIEM BUT EXERT MORE PRESSURE ON HIM TO

44693

-3- FROM PARIS, 2601 DECEMBER 19, 4 PM SECTION ONE OF TWO

HIM TO MAKE CHANGES WE CONSIDER NECESSARY. SECRETARY FINISHED BY ASKING WHETHER ELY HAD, WITH COLLINS, ALREADY APPLIED MAXIMUM PRESSURES TO DIEM.

EL REPLIED THEY HAD AND THAT BOTH WERE NOW VIRTUALLY CONVINCED THAT IT WAS HOPELESS TO EXPECT ANYTHING OF DIEM. NEVERTHELESS THEY CONTINUED PRESSURES. SECRETARY ASKED WHETHER DIEM HAD YET BEEN CONFRONTED WITH ULTIMATUM THAT UNLESS SUCH AND SUCH WERE DONE BY CERTAIN DATE OUR SUPPORT WOULD BE WITHDRAWN. ELY SAID HE HAD NOT RPT NOT. HE CHARACTERIZED DIEM AS EXTREMELY PIG-HEADED MAN WHO BECAME MORE SO UNDER PRESSURE. SECRETARY ASKED IF THIS MEANT THAT ULTIMATUM WOULD MAKE HIM MORE STUBBORN AND ELY REPLIED IT WOULD.

6 MENDES THEN PURSUED SUBJECT WITH ELY WHO STATED THAT HE FELT THAT TO EXERT TOO MUCH PRESSURE ON DIEM WAS NOT RPT NOT IN KEEPING WITH THE NEW INDEPENDENT STATUS OF VIETNAM AND THAT IN ANY CASE SUCH PRESSURE SHOULD NOT RPT NOT BE EXERTED JOINTLY BUT SEPARATELY BY HIMSELF AND COLLINS. MOREOVER, HE DESCRIBED DIEM AS HAVING TENDENCY PLAY ONE MAN AGAINST OTHER IN TYPICAL ASIATIC STYLE AND THAT THIS WAS TO BE AVOIDED. HE COMMENTED ON DIEM'S OWN DIFFICULTIES, ESPECIALLY THOSE HE HAD HAD IN RECONCILING SECTS. PRINCIPAL QUESTION WAS TO DECIDE NOW WHETHER DIEM WAS REALLY MAN CAPABLE OF NATIONAL UNION. HE AND COLLINS MUST DECIDE THAT QUESTION.

7 SECRETARY STATED THAT HE WAS OPPOSED TO ISSUANCE ULTIMATUM UNTIL WE KNEW WHAT WE WOULD DO IF IT WERE REJECTED. AT THE MOMENT WE HAVE NOTHING ELSE TO OFFER, HE COMMENTED. MENDES RECOMMENDED THAT WE APPROACH BAO DAI BECAUSE OF HIS LEGAL POWERS AND USEFULNESS AND FACT THAT PRESUMABLY WOULD HAVE TO APPOINT ANY SUCCESSOR TO DIEM. HE HAD PROVEN IN HINH CASE THAT HE COULD BE USEFUL AND MENDES FELT THAT BAO DAI COULD AGAIN SERVE PURPOSE. HE COULD BE USED TO PUT ALTERNATE PLAN INTO EFFECT IF ULTIMATUM TO DIEM FAILED. SECRETARY COMMENTED THAT HE REALIZED THAT WE MUST BE PREPARED TO USE BAO DAI BUT FELT THAT WE MUST GO TO HIM PREPARED WITH OUR OWN IDEAS AND NOT RPT NOT SIMPLY TO ACCEPT HIS. MENDES AGREED BUT COMMENTED THAT BAO DAI'S PERSONAL POSITION HAD WEAKENED RECENTLY.

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-4- FROM PARIS, WYPQ DECEMBER 19, 4PM SECTION ONE OF TWO

IN SPITE OF THIS FACT, HE STILL REPRESENTED LEGALITY AND COULD SERVE IN FUTURE IF "LEGALITY" HAD TO BE PROVIDED TO ANY STEP WE WOULD WISH TO TAKE.

MENDES THEN SPOKE OF A PLAN FRENCH HAVE BEEN CONSIDERING. FIRST PHASE WAS TO ASK BAO DAI TO PLACE ON SPOT IN VIETNAM A REPRESENTATIVE WHO WOULD EXERCISE BAO DAI'S AUTHORITY. HE WOULD BE "DELEGATE" OR VICEROY. HE WOULD HAVE FULL AUTHORITY TO USE BAO DAI'S POWERS. USEFULNESS WOULD PERSIST EVEN IF DIEM SHOULD SUCCEED FOR HE COULD ACT AS SUPREME ARBITRATOR TO SETTLE SQUABBLES.

MENDES SAID THAT FRENCH WERE NOW PREPARED TALK TO BAO DAI ALONG THESE LINES AND URGE HIM ESTABLISH VICEROY WITHOUT DELAY.

FRENCH ALSO PROPOSED APPROACH BAO DAI WITH VIEW REINFORCING PRESENT GOVT AND PREPARING LEGAL GROUNDS FOR NEW ONE IF IT SHOULD BE FOUND NECESSARY.

EDEN INTERVENED TO STATE THAT IN HIS OPINION IT WOULD BE MISTAKE FOR BAO DAI TO GO BACK NOW BUT BRITISH RECOGNIZED ADVANTAGE OF VIETNAMESE ROYAL TRADITION AND AGREED THAT "ROYAL COMMISSION" OF SOME SORT SHOULD BE SET UP AND MIGHT PROVE BE BEST WAY OUT.

HE INQUIRED ABOUT PERSONALITY AND USEFULNESS OF EMPRESS AND MENDES REPLIED THAT SHE WAS EXEMPLARY PERSON WHO COULD PROVE VERY USEFUL IN VIETNAM.

DILLON

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Note: Mr. Allen (EUR) notified 2:45 pm 12/19/54 (FMH)

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Action

Control: 8575

Rec'd: DECEMBER 19, 1954
1:39 P.M.

FROM: PARIS 1954 DEC 20 AM 7 45

TO: Secretary of State

NO: 2601, DECEMBER 19, 4 P.M. SECTION TWO OF TWO

NIACT

SENT DEPARTMENT 2602, REPEATED INFORMATION SAIGON 383,
LONDON 654.

SECRETARY STATED THAT IN CONSIDERING VICEROY WE WERE ADVANC-
ING INTO TO SECOND PROBLEM WITHOUT HAVING SOLVED FIRST. HE DID
NOT RPT NOT EXPECT VICEROY BE ABLE DECIDE ON ALTERNATE TO
DIEM AND TO SET UP MACHINERY TO IMPLEMENT OUR IDEAS.

HE STATED THAT OUR JOB WAS TO CREATE THIS MACHINERY. AT
PRESENT TIME WE MUST CONCERN OURSELVES WITH PRESENT PROBLEM,
NOT WITH NEW INTRIGUES. HE ASKED MENDES WHAT HIS ADVISERS
HAD SUGGESTED AS ALTERNATIVE. MENDES REPLIED NO RPT NO
ONE SPECIFICALLY AS YET BUT THAT HE PREFERRED ALLOW ELY
SPEAK ON THIS SUBJECT.

ELY REPLIED THAT HE WAS MORE CONCERNED WITH CURRENT PROBLEMS.
OF DIEM GOVT THAN WITH QUESTION OF POSSIBLE NEW GOVT. ONLY
CERTAINTY IS THAT NO RPT NO MORE TIME CAN BE WASTED. ELY
MENTIONED HUU, TAI AND QUAT AS AMONG MANY PERSONALITIES
WHO MIGHT BE USED. MENDES ASKED IF THERE WAS NO RPT NO
PREFERENCE. ELY SAID NOT RPT NOT YET. SECRETARY ASKED WHAT
WAS WRONG BETWEEN QUAT AND SECTS AND ELY REPLIED THAT IT
WAS RESULT OF AN OLD FUED DATING FROM TIME QUAT WAS
MINISTER OF NATIONAL DEFENSE AND HAD TRIED ABOLISH SECTS
PRIVATE ARMIES. MENDES ASKED IF THERE WAS NO RPT NO GOOD
PROVINCIAL GOVT AND ELY REPLIED NOT RPT NOT SUFFICIENTLY
GOOD TAKE ON NATIONAL RESPONSIBILITIES.

SECRETARY WENT ON TO SAY THAT WE MUST EXHAUST ALL OUR PRESSURES

ON DIEM

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-2- FROM PARIS, 2601 DECEMBER 19, 4PM SECTION TWO OF TWO

ON DIEM TO GET THINGS DONE BEFORE CONSIDERING ALTERNATE SOLUTIONS. RADFORD WILL BE IN SAIGON DEC 22 TO REPORT RESULT OUR CONVERSATIONS TO COLLINS. SECRETARY AGREED WE MUST EXPLORE ALL POSSIBILITIES BUT WARNED THAT WERE FACT WE WERE DOING SO WAS SUFFICIENT TO UNDERMINE PRESENT GOVT. HE ASKED MENDES NOT TO THINK WE HAD OBSTINATELY CLOSED OUR MINDS TO POSSIBLE ALTERNATE SOLUTION. WE HAD NOT RPT NOT BUT OUR INVESTIGATION OF ALTERNATE MUST BE DONE ON CAREFUL BASIS AND WE MUST FOR RESENT SUPPORT DIEM.

MENDES AGREED. TO SUMMARIZE HE HAD THREE MAIN POINTS: FIRST, TO SUPPORT DIEM; SECOND, TO STUDY ALTERNATIVES. COLLINS AND ELY SHOULD BE INSTRUCTED TO EXPLORE FURTHER POSSIBILITIES INCLUDING BAO DAI WITH GREATEST DISCRETION. SECRETARY THEN RETURNED TO VICEROY QUESTION ASKING IF PROPOSED MAN WOULD BE INDEPENDENT OR DEPENDENT ON BAO DAI. MENDES STATED HE WOULD BE INDEPENDENT BUT WOULD DERIVE LEGALITY FROM BAO DAI. QUESTION WOULD BE STUDIED FURTHER AND FRENCH PROPOSAL PASSED ON TO COLLINS AND ELY FOR STUDY.

MENDES' THIRD POINT WAS THAT ELY AND COLLINS SHOULD BE REQUESTED INVESTIGATE MATTER OF TIMING. HOW MUCH FURTHER DELAY CAN BE TOLERA MENDES ASKED? WE MUST SET DEADLINE. THE GENERALS MUST COME TO CONCLUSION ON TWO AND THREE AND MAKE PRECISE RECOMMENDATIONS TO US SO THAT WE CAN TAKE NECESSARY DECISIONS.

SECRETARY AGREED BUT STATED THAT FOURTH POINT MUST BE ADDED. IT IS THAT IF US SHOULD DECIDE THAT THERE IS NO RPT NO GOOD ALTERNATIVE TO DIEM WE WILL HAVE TO CONSIDER HOW MUCH MORE INVESTMENT WE WILL BE PREPARED TO MAKE IN INDOCHINA. OUR POLICY WOULD HAVE TO BE REAPPRAISED. CONGRESSIONAL COMMITTEES, PARTICULARLY THE TWO FOREIGN AFFAIRS COMMITTEES, LED BY MANSFIELD AND RICHARDS, WERE INTENSELY INTERESTED IN PROBLEM AND WOULD HAVE TO BE CONSULTED. THEY BOTH HAD STRONG FEELINGS. MANSFIELD BELIEVES IN DIEM. SECRETARY WAS NOT RPT NOT FULLY COGNIZANT WITH RICHARDS' OPINIONS BUT THOUGHT HE DID TOO. SECRETARY BELIEVED THAT EVEN SLIGHT CHANCE OF SUCCESS IN VIETNAM WAS WORTH CONSIDERABLE INVESTMENT. US HAD ALSO TO THINK OF WHAT HAPPENED IN ADJACENT COUNTRIES -- IN CAMBODIA, LAOS, THAILAND AND MALAYA. US SITUATION WAS DIFFERENT FROM THAT OF FRENCH.

44697

-3- FROM PARIS, 2631 DECEMBER 19, 4PM SECTION TWO OF TWO

OF FRENCH. FRENCH HAD AN INVESTMENT IN LIVES AND PROPERTY IN VIETNAM WHILE OURS INVOLVED EFFECT THAT FATE OF VIETNAM WOULD HAVE ON REST OF SOUTH EAST ASIA. SECRETARY CLOSED BY STATING THAT HE ACCEPTED MENDES' THREE POINTS WITH ADDITION OF HIS OWN FOURTH.

MENDES REPLIED THAT HE SYMPATHIZED WITH US PROBLEM BUT TRUSTED THAT WE WOULD NOT RPT NOT ARRIVE AT NEGATIVE CONCLUSION. HE URGED THAT US AND FRANCE KEEP IN TOUCH AT ALL TIMES. EVEN IF US SHOULD ARRIVE AT NEGATIVE POSITION, FRANCE WOULD NOT RPT NOT RENOUNCE HOPE.

EDEN STATED HE AGREED AND FELT THAT EVEN ADDITIONAL SINGLE YEAR OF SUSTAINED EFFORT WOULD HELP EVERYWHERE AND THAT WE MUST TRY AND KEEP UP THE FIGHT IN ORDER TO GIVE CONFIDENCE TO OTHERS IN AREA. THIS ENDED MAIN PART OF INDOCHINA DISCUSSIONS.

MENDES THEN SAID THAT HE WISHED TO RAISE QUESTION OF LETTER SENT BY VIET MINH TO EDEN AND MOLOTOV AS CO-CHAIRMAN OF GENEVA CONFERENCE. IT COMPLAINED ABOUT VIOLATIONS OF GENEVA AGREEMENT BY FRENCH AND VIETNAMESE GOVT. HE SAID THAT SOME OF VIET MINH COMPLAINTS "WERE NOT RPT NOT UNFOUNDED". WHOLE MATTER CONSTITUTED DELICATE QUESTION FOR ICC WOULD BE SEIZED OF IT AND IT WOULD PROVE DIFFICULT, PARTICULARLY IN VIEW SENSITIVITY OF INDIANS ON ICC. MENDES BELIEVED WE MUST EXERT ALL OUR EFFORTS TO CONVINCE SOUTH NOT RPT NOT TO VIOLATE GENEVA AGREEMENTS. VIETNAMESE POSITION HAD BEEN THAT THEY WERE NOT RPT NOT SIGNATORIES. THIS MIGHT PROVE USEFUL TO US LATER AS LEGAL POSITION BUT FOR PRESENT BELIEVED SOUTH MUST BE PERSUADED TO ABIDE BY GENEVA TERMS.

EDEN STATED HE HAD REJECTED LETTER EXPLAINING THAT ATTEMPT TO DELIVER IT HAD BEEN MADE IN MOSCOW. MENDES CORRECTED EDEN'S MEMORY BY STATING THAT LETTER HAD BEEN REPORTED BY BRITISH CONSUL IN HANOI. HE DESCRIBED LETTER AS NOT RPT NOT BEING IMPORTANT IN ITSELF -- A PROPAGANDA INSTRUMENT -- BUT THAT IT INDICATED START OF POLITICAL OFFENSIVE BY VIET MINH.

RELATED PROBLEM WAS SAFEGUARDING OF PUBLIC UTILITY SERVICES IN HAIPHONG.

44698

-4- FROM PARIS, 2621 DECEMBER 19, 4PM SECTION TWO OF TWO

IN HAIPHONG. VIETNAMESE GOVT HAD BEEN BREAKING GENEVA AGREEMENTS ON THIS SCORE AS WELL. VIET MINH HAD COMPLAINED AND JUSTIFIABLY.

ANOTHER DIFFICULT PROBLEM WITH REGARD TO GENEVA WAS TRAINING OF VIETNAMESE OFFICERS. HE WOULD BE PLEASED TO KNOW US POSITION ON INTRODUCING NEW MILITARY ADVISERS INTO INDOCHINA AND POSSIBLE CONFLICT WITH GENEVA AGREEMENT.

SECRETARY STATED THAT ALTHOUGH WE WERE ROTATING MAAG PERSONNEL WE WERE NOT RPT NOT INCREASING IT. RADFORD CONFIRMED. ELY STATED THAT COLLINS-ELY AGREEMENT ON TRAINING REMAINED WITHIN FRAMEWORK GENEVA ACCORDS. MENDES STATED THAT QUESTION WAS LEGAL ONE; ROTATION PERMITTED UNDER TERMS GENEVA BUT CAN TRAINING OFFICERS BE SUBSTITUTED FOR ADMINISTRATIVE PERSONNEL? WAS IT VIOLATION OF ACCORDS TO SUBSTITUTE OFFICERS FOR NON-COMS, ETC.? MENDES SAID THAT FRENCH GOVT WOULD HAVE TO STUDY TEXT OF COLLINS-ELY AGREEMENT CAREFULLY FROM LEGAL POINT OF VIEW TO ENSURE THAT IT FULLY ACCORDED WITH ARMISTICE AND REQUESTED US DO SAME. HE SAID THIS PARTICULARLY IMPORTANT AS VM HAD ALREADY OFFICIALLY PROTESTED TO ICC RE US ASSUMPTION OF TRAINING RESPONSIBILITY. SECRETARY EXPRESSED GENERAL AGREEMENT WITH PRINCIPLE THAT GENEVA ACCORDS SHOULD NOT RPT NOT BE BROKEN BUT STATED THAT OUR INTERPRETATION OF THEM MUST NOT RPT NOT BE SO REFINED THAT WE REFUSE TO SUBSTITUTE X FOR Y IF Y IS ILL OR LESS COMPETENT THAN X. MENDES AGREED AND SAID THAT IN LAST ANALYSIS PEOPLE WHO MUST BE PLEASED ARE ICC. HE ASKED THAT BRITISH MAINTAIN THEIR CONTACTS WITH INDIANS AND CANADIANS, WHICH EDEN AGREED TO DO. GENERAL DISCUSSION ENSUED ON QUESTION VIET MINH PROTESTS ON VIOLATION OF GENEVA ACCORDS AND SECRETARY CONCLUDED BY SAYING THAT IT WOULD BE UNFORTUNATE IF WE WERE TO FIND OURSELVES ON DEFENSIVE IN THIS MATTER IN LIGHT OF SMUGGLING OF MILITARY MATERIAL INTO NORTH VIETNAM FROM CHINA AND PERSECUTION OF CATHOLICS BY VIET MINH.

MENDES THEN PROCEEDED TO QUESTION ABOUT CAMBODIA STATING THAT FRENCH HAD 500 OFFICERS IN CAMBODIA AS TRAINING MISSION AND INTENDED TO KEEP THEM THERE. HE ASKED SECRETARY TO LOOK INTO MATTER AND TO GIVE FRENCH US VIEWS ON SUBJECT. MENDES ADDED THAT FRENCH CONSIDERED PRESENCE OF THEIR MILITARY MISSION THERE AS CONSISTENT

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44699

-5- FROM PARIS, 2001 DECEMBER 19, 4PM SECTION TWO OF TWO

AS CONSISTENT WITH FRENCH DEFENSE POLICY.

MEETING THEN PROCEEDED TO OTHER SUBJECTS COVERED IN SEPARATE IMMEDIATELY FOLLOWING TELS. AT END THERE WAS A PROLONGED DISCUSSION ABOUT COMMUNIQUE AND IT WAS FINALLY DECIDED NOT RPT IT TO ISSUE ANY.

MEUNDES ASKED AT END WHAT SHOULD BE DONE ABOUT INFORMING ASSOCIATED STATES GOVTS OF OUR DISCUSSIONS IN KEEPING WITH OUR USUAL PRACTICE. IT WAS DECIDED THAT THE HIGH COMMISSIONERS IN PARIS WOULD BE INFORMED BY THREE-MAN GROUP REPRESENTING THREE DELEGATIONS. (SEE SEPARATE TELEGRAM.)

DILLON

ROW/32

Note: Mr. Allen (EUR) notified 3:20 pm 12/19/54 (FMH)

44700

834

December 22, 1954

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

CURRENT U.S. POLICY TOWARD THE FAR EAST

- References:
- A. NSC 5429/2, NSC 5429/3, NSC 5429/4
 - B. NSC 166/1
 - C. NSC 152/3
 - D. NSC 146/2
 - E. NSC Action No. 256
 - F. NSC 125/2 and NSC 125/6
 - G. NSC 170/1
 - H. NSC 171/1
 - I. NSC 5405
 - J. NSC 5409
 - K. NSC 5413/1
 - L. NSC Action No. 1250
 - M. NSC Action No. 1148
 - N. Memos for NSC from Executive Secretary, subject, "U.S. Objectives and Courses of Action with Respect to Formosa and the Chinese Nationalist Government", dated September 28 and October 5, 1954 and NSC Action No. 1235
 - O. NSC Action Nos. 1224 and 1234
 - P. NSC Action Nos. 1258 and 1259
 - Q. NSC Action No. 1233
 - R. NSC Action No. 1275
 - S. Memos for NSC from Executive Secretary, same subject, dated November 29 and December 20, 1954
 - T. NSC Action No. 1292

The National Security Council, the Secretary of the Treasury, the Secretary of Commerce, the Director, Bureau of the Budget, at the 229th meeting of the Council on December 21, 1954, discussed the subject in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of December 20. The Council adopted the changes in the statement of policy contained in NSC 5429/4, which are set forth in NSC Action No. 1292-b. and:

Deferred action on paragraph 5-g pending further consideration by the Secretary of State, in consultation with the Secretary of Defense, and report at the meeting of the Council to be held January 5, 1955. (NSC Action No. 1292-c)

Deferred action on paragraph 7-c, other than the "Majority Proposal" in 7-c(2), pending further consideration by the Secretary of State, in consultation with the Secretary of Commerce, and report at the meeting of the Council to be held January 5, 1955. (NSC Action No. 1292-d)

Requested the Council on Foreign Economic Policy to undertake the study outlined in the "majority proposal" in paragraph 7-c-(2) of NSC 5429/4. (NSC Action No. 1292-e)

The President has this date approved the statement of policy in NSC 5429/4, as amended and adopted by the Council (except paragraphs 5-g and 7-c) and enclosed herewith as NSC 5429/5; directs its implementation by all appropriate executive departments and agencies of the U.S. Government, subject to review in the light of final decisions as to basic national security policy; and designates the Operations Coordinating Board as the coordinating agency.

Accordingly, the enclosed policy supersedes NSC 5429/2; NSC Action No. 1148-b; NSC Action No. 1224-b and NSC Action No. 1234-b; NSC Action No. 1258-c and NSC Action No. 1259-c; Memo for NSC from Executive Secretary, subject, "U.S. Objectives and Courses of Action with Respect to Formosa and the Chinese Nationalist Government", dated September 23, 1954. The enclosed statement of policy is to guide the implementation of all other existing Far Eastern policies (reference B-L) modifying them where inconsistent, pending Planning Board and Council review and revision of these more particular policies.

A Financial Appendix covering the Far East will be prepared for the information of the Council at a later meeting.

JAMES S. LAY, Jr.
Executive Secretary

cc: The Secretary of the Treasury
The Secretary of Commerce
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

STATEMENT OF POLICY
by the
NATIONAL SECURITY COUNCIL

on
CURRENT U. S. POLICY IN THE FAR EAST

GENERAL CONSIDERATIONS

1. The primary problem of U. S. policy in the Far East is to cope with the serious threat to U. S. security interests which has resulted from the spread of hostile Communist power on the continent of Asia over all of Mainland China, North Korea and, more recently, over the northern part of Viet Nam.

2. In its five years of power, the regime in Communist China has established and consolidated effective control over the mainland and has maintained and developed close working relations with the Soviet Union. While there is now no reason to anticipate an early collapse of the regime nor any means of seeing when one might occur, inherently such regimes have elements of rigidity and instability which sometimes produce crises. We should be ready to exploit any opportunities which might occur as a result of inherent internal weaknesses.

3. The task of the United States in coping with this situation is further complicated by:

a. The vulnerability of the non-Communist countries in the area militarily, and in varying degrees, politically, economically, and psychologically, to further Communist expansionist efforts.

b. The deep-seated national antagonisms and differing assessments of national interest which divide these countries from each other and severely hamper efforts to combine their collective resources for their own defense and welfare.

c. The intense nationalistic feelings, fed by residual resentments against European colonialism coupled with a widespread feeling of weakness and inadequacy in the face of the worldwide power struggle, which inhibit many of these countries from cooperating closely with the United States.

d. The divergencies on Far Eastern policy with our European allies, principally with respect to our posture toward China, which limit the extent of political and economic pressures which can be maintained against the Asian Communist regimes without divisive effects on the basic United States-led coalition.

NOTE: In addition to the foregoing general considerations, attention is directed to NIE 13-54, "Communist China's Power Potential Through 1957," published June 3, 1954, and NIE 10-7-54, "Communist Courses of Action in Asia Through 1957," published November 23, 1954.

OBJECTIVES

4. Pursuant to a policy of being clear and strong in its resolve to defend its vital interests, if necessary at the risk of but without being provocative of war, the principal objectives of the United States in the Far East should be:

a. Preservation of the territorial and political integrity of the non-Communist countries in the area against further Communist expansion or subversion.

b. Progressive improvement of the relative political, economic and military position of the non-Communist countries vis-a-vis that of the Asian Communist regimes.

c. Reduction of Chinese Communist power and prestige, or securing by reorientation a Government on the mainland of China whose objectives do not conflict with the vital interests of the United States.

d. Disruption of the Sino-Soviet alliance through actions designed to intensify existing and potential areas of conflict or divergence of interest between the USSR and Communist China.

e. Creation in Asia of political and social forces which will zealously spread the greater values of the Free World and simultaneously expose the falsity of the Communist ideological offensive.

COURSES OF ACTION

5. In order to preserve the territorial and political integrity of the area, the United States should:

a. Maintain the security of the Pacific off-shore island chain (Japan, Ryukyus, Formosa and the Pescadores, the Philippines, Australia, and New Zealand) as an element essential to U.S. security; assisting in developing such military strength in each area as is required by U.S. security and is consistent with each area's capability and maintenance of domestic stability.

b. In the event of unprovoked attack on the Republic of Korea, employ, in accordance with Constitutional processes, U.S. armed forces against the aggressor. While supporting the unification of Korea by all peaceful means and maintaining appropriate safeguards against ROK offensive action, continue military and economic assistance programs consistent with U.S. security interests and subject to continued ROK cooperation.

c. Ratify the Mutual Defense Treaty with the Republic of China covering Formosa and the Pescadores, and jointly agree upon appropriate safeguards against Chinese Nationalist offensive action. Pending the ratification of such a Treaty, continue the existing unilateral arrangement to defend Formosa and the Pescadores (excluding the Nationalist held off-shore islands). For the present, seek to preserve, through United Nations action, the status quo of the Nationalist-held off-shore islands; and, without committing U.S. forces except as militarily desirable in the event of Chinese Communist attack on Formosa and the

Pescadores, provide to the Chinese Nationalist forces military equipment and training to assist them to defend such off-shore islands, using Formosa as a base. However, do not agree to Chinese Nationalist offensive actions against mainland Communist China, except under circumstances approved by the President. Agree to Chinese Nationalist actions against Communist China which are prompt and clear retaliation against a Chinese Communist attack; provided such retaliation is against targets of military significance which meet U. S. criteria as to feasibility and chance of success and which are selected with due consideration for the undesirability of provoking further Chinese Communist reaction against Formosa and the Pescadores.

d. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO treaty, or both, and subject to local request for assistance take necessary military and any other action to assist any state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

e. Employ all feasible covert means, and all feasible overt means, including, in accordance with constitutional processes, the use of armed force if necessary and appropriate, to prevent Indonesia or vital parts thereof from falling under

Communist control by overt armed attack, subversion, economic domination, or other means; concerting overt actions with other ANZUS nations.

f. In the event of Communist overt armed attack or imminent threat of such attack against any other country in the area (not covered by a security treaty to which the United States is a party), this evidence of a renewal of Communist aggressive purposes would constitute such a grave menace to the United States as to justify the President in requesting authority from Congress to take necessary action to deal with the situation, including the use of U.S. armed forces, if appropriate and feasible.

g. (1) Issue a directive to its armed forces that, in the event of unprovoked Communist armed attack against U. S. military or non-military personnel, aircraft, or vessels outside Communist territory, U. S. forces in the area will take against the Communist attacking force during the course of the attack aggressive protective measures, including if necessary and feasible immediate pursuit of the Communist attacking force into hostile airspace or waters.

(2) In addition to the action directed in (1) above, and as constitutionally authorized and specifically approved by the President, take such additional punitive action as may be necessary and appropriate.

h. Encourage the conditions necessary to form as soon as possible and then participate in, a Western Pacific collective defense arrangement including the Philippines, Japan, the Republic of China and the Republic of Korea, eventually linked with the Manila Pact and ANZUS.

i. If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the United States should view such a situation so gravely that, in addition to giving all possible covert and overt support within the Executive Branch authority, the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary and feasible include the use of U.S. military forces either locally or against the external source of such subversion or rebellion (including Communist China if determined to be the source).

j. Assist where necessary and feasible non-Communist Government and other elements in the Far East to counter Communist subversion and economic domination.

k. Maintain sufficient U.S. forces in the Far East as clear evidence of U.S. intention to contribute its full share of effective collective aid to the nations of the area against the Communist threat, and to provide.

assurance to the people of the Far East of U.S. intent and determination to support them in the event of Communist aggression.

6. In order to enhance the individual and collective strength of the non-Communist countries, the United States should:

a. Increase efforts to develop the basic stability and strength of non-Communist countries, especially Japan and India, and their capacity and will to resist Communist expansion.

b. Continue (1) to recognize the Government of the Republic of China as the only government of China and its right to represent China in the United Nations, and (2) to furnish direct support to its defense establishment and its economy.

c. Encourage the prompt organization of an economic grouping by the maximum number of free Asian states, including Japan and as many of the Colombo Powers as possible based on self-help and mutual aid, and the participation and support (including substantial financial assistance) of the United States and other appropriate Western countries, through which, by united action, those free Asian states will be enabled more effectively to achieve the economic and social strength needed

to maintain their independence.

d. Take all feasible measures to increase the opportunities of such countries for trade with each other and with other Free World countries.

e. Provide in South and Southeast Asia, through the economic grouping referred to in c above or otherwise, such economic and technical aid over an extended period as can be used effectively to accelerate the present slow rates of economic growth, and to give to the peoples in these areas a sense of present progress and future hope, which is currently lacking.

f. Develop and make more effective information, cultural, education and exchange programs; and expand the program for training of free Asian leaders.

g. Encourage the countries of the area to use qualified Americans as advisers and develop a program for training such persons.

h. Seek, by intensifying covert and psychological activities, and by utilizing indigenous persons to the greatest extent feasible, to (1) increase the understanding and orientation of Asian peoples toward the Free World and (2) expose the menace of Chinese imperialism and world Communism.

1. Encourage and support, more vigorously and effectively, the application of private capital to the development needs of free Asian countries under arrangements avoiding "exploitation" yet acceptable to private interests.

7. In order to weaken or retard the growth of the power and influence of the Asian Communist regimes, especially Communist China, the United States should:

a. Continue to refuse recognition of the Chinese Communist regime and other Asian Communist regimes, but deal with each on a local basis and with regard to specific subjects where the regime is a party at interest.

b. Continue to oppose seating Communist China in the Security Council, the General Assembly, and other organs of the United Nations.

NSC 5107/1

c. (1) Maintain the current level of United States export, import, and financial controls on trade with Communist China. Without derogating from the basic principles of these controls, administer them in such a manner so as to endeavor not to lessen the active cooperation in the multilateral control program of other Free World countries.

(2) Urge other Free World countries to maintain the current level of export controls on trade with Communist China. In aid of this effort, the United States should, without frustrating the multilateral embargo program, endeavor to handle questions of routine exceptions in such manner as to preserve and foster the willingness of other countries to retain the present level of controls.

(3) Whenever it may be determined by the Secretary of State that further effort to maintain the current multilaterally agreed level of export controls would be seriously divisive among our allies or lead nations needing trade with Communist China toward an accommodation with the Soviet bloc, the Secretary should report such determination promptly to the Council for consideration of appropriate action.

(4) In the meanwhile, the Council on Foreign Economic Policy should study, on an urgent basis, all aspects of U.S. economic defense policy applicable to trade with the Communist bloc (including Communist China), taking into account in such study, among other things, the matters set forth in Annex B, and should submit to the National Security Council at the

earliest practicable date comprehensive and detailed recommendations for such revisions in such policy as may be required by national security interests, both long and short range.

d. Utilize all feasible overt and covert means, consistent with a policy of not being provocative of war, to create discontent and internal divisions within each of the Communist-dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other, particularly by stimulating Sino-Soviet estrangement. However, do not agree to Chinese Nationalist offensive actions against mainland Communist China, except under circumstances approved by the President. Agree to Chinese Nationalist actions against Communist China which are prompt and clear retaliation against a Chinese Communist attack; provided such retaliation is against targets of military significance which meet U.S. criteria as to feasibility and chance of success and which are selected with due consideration for the undesirability of provoking further Chinese Communist reaction against Formosa and the Pescadores.

e. Continue the policy towards Indochina and Thailand stated in Annex A.

8. a. The United States should attempt to convince the other Free World countries of the soundness of U.S. policies toward Communist China and toward the Republic of China and of the advisability of their adopting similar policies, without, however, imposing such pressures as would be seriously divisive.

b. In its Pacific role, the United States should be less influenced by its European allies than in respect to Atlantic affairs.

9. The United States should keep an open mind on the possibility of negotiating with the USSR and Communist China acceptable and enforceable agreements, whether limited to individual issues now outstanding or involving a general settlement of major issues.

See
ANNEX A

(Paras. 10 and 11 of NSC 5429/2
with the addition of a new para. 10-h)

10. Indochina: Political and Covert Action.

a. Make every possible effort, not openly inconsistent with the U. S. position as to the armistice agreements, to defeat Communist subversion and influence, to maintain and support friendly non-Communist governments in Cambodia and Laos, to maintain a friendly non-Communist South Vietnam, and to prevent a Communist victory through all-Vietnam elections.

b. Urge that the French promptly recognize and deal with Cambodia, Laos and free Vietnam as independent sovereign nations.

c. Strengthen U. S. representation and deal directly, wherever advantageous to the U. S., with the governments of Cambodia, Laos and free Vietnam.

d. Working through the French only insofar as necessary, assist Cambodia, Laos and free Vietnam to maintain (1) military forces necessary for internal security and (2) economic conditions conducive to the maintenance and strength of non-Communist regimes and comparing favorably with those in adjacent Communist areas.

e. Aid emigration from North Vietnam and resettlement of peoples unwilling to remain under communist rule.

f. Exploit available means to make more difficult the control by the Viet Minh of North Vietnam.

g. Exploit available means to prevent North Vietnam from becoming permanently incorporated in the Soviet bloc, using as feasible and desirable consular relations and non-strategic trade.

h. Expose Communist violations of the Armistice in Indochina.

i. Conduct covert operations on the maximum feasible and productive scale in support of the foregoing policies.

11. Thailand

a. Provide military assistance sufficient to increase the strength of indigenous forces, thereby helping to control local subversion, and to make easier clear identification of instances of overt aggression.

b. Provide economic assistance conducive to the maintenance and strength of a non-Communist regime.

c. Concentrate efforts on developing Thailand as a support of U. S. objectives in the area and as the focal point of U. S. covert and psychological operations in Southeast Asia.

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RTD INFO: Amembassy PHNOM PENH 232

Amlegation VIENTIANE 163

Origin

Info

FOR COLLINS AND DILLON FROM SECRETARY

Pursuant my talks concerning Viet-Nam with Mendes-France and Eden Paris (Paris 2601 repeated Saigon 388) I feel it good occasion for us all review basic factors Viet-Nam problems and spell out some guide lines our actions in near future.

1. Although there many complex and difficult factors confronting Free Viet-Nam, there no reason admit defeat. During past five months since Geneva, situation has not disintegrated. People fundamentally anti-Communist. They have major resources in south. Hinh problem solved and resettlement proceeding reasonably well. In some ways, developments better than we predicted. Collins and Ely have contributed greatly this situation and their cooperation is major asset. Direct aid, reduction FEC and provisions Manila Pact all positive factors which will affect developments. Pace may not please us but major changes such stage of transition as Viet-Nam going through comes more slowly than in West. We must not overlook fact Communists also face formidable problems and if we create situation such that they can only take over by internal violence, we will have faced them with serious dilemma because of unfavorable effect

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Files: PPSA: TFCung: REHoey 12/24/54

Telegraphic transmission and
classification approved by:

PSA - Kenneth T. Young, Jr.

References:

5 - The Secretary, C. - Mr. MacArthur (draft) - FE - Mr. Robertson - EIR - Mr. Merchant (in substance)
ense - Col. Throckmorton (in substance)

853

DC/R

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effect such action on Asian countries like India. Their recent increase anti-Diem and anti-American ~~propaganda~~ propaganda may well be result realization magnitude what they face and chances ultimate Free World success.

2. Withdrawal our support would hasten Communist takeover Viet-Nam and have adverse repercussions all Southeast Asia. Consequently, investment Viet-Nam justified even if only to buy time build up strength elsewhere in area. We are going to have maintain ~~for~~ flexible policy and proceed carefully by stages Viet-Nam. Simultaneously we are thinking of ways and means strengthen Cambodia, Laos and Thailand against contingencies. But we basically and immediately faced with problem strengthening Free Viet-Nam and must devote best efforts that task.

3. Under present circumstances and unless situation in Free Viet-Nam clearly appears hopeless and rapidly disintegrating, we have no choice but
continue our aid Viet-Nam and support of Diem. There no other suitable leader
known to us. Can any successor make up for Diem's deficiencies without also lacking Diem's virtues? Could we ~~anticipate~~ anticipate stable process of succession and not worse confusion and weakness than now exists. These tough questions and would appreciate your views.

4. I agreed with Mendes-France at Paris four items concerning problem of Diem. (reference telegram) While study of alternate leaders among these points I did not agree ~~in~~ General Collins and Ely should establish deadline for replacement Diem by another man. It agreed that Collins and Ely would report late January on overall situation.

5. I do not consider Bao Dai's return Viet-Nam would really solve our

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basic problems there. Neither do Mendes-France or Eden. Nor do I see merit in French suggestion of viceroy, which ~~Mr~~ Mendes-France did not press after suggestion was analyzed. I see little point taking ^{time} ~~to~~ create such machinery when no successor in sight and which would only add to intrigues.

6. Early approval of France and then Viet-Nam of Collins-Ely memorandum understanding regarding training is basic need. We should make every effort ensure discussions with Viet-Nam proceed rapidly and effectively. Only when we have taken steps reorganize and revitalize National Army can we hope for improved security condition and lessening Communist influence Free Viet-Nam. This will also require very best native leadership available and I hope either General Ty or Vy is up to that task.

7. There also extremely delicate problem our influencing Diem along right lines. I know how frustrating Collins' experience now and Heath's in past have been. Land reform has powerful propaganda value, which Communists already not failed exploit. Something should be done on our side, with our ~~xxxx~~ help, put this emotional and basic element to work for us.

8. Although there many other factors consider I am sure if we concentrate on solving problems listed above we will make headway. I would appreciate your comments.

Dulles
KSJ

DULLES

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LOOKING TELEGRAM

Department of State

ACTION COPY

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12-26-54, 9:56 a.m.

CORRECTED COPY

Action

Action Assigned

Rec'd:

December 25, 1954

Action Taken

12:16 a.m.

FE

FROM: Saigon

Info

SS

TO: Secretary of State

G

SP

NO: 2455, December 25, 8 p.m.

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SENT DEPARTMENT 2455, REPEATED INFORMATION PARIS 742, MANILA 361.

Action

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Direction to DMR

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MANILA EXCLUSIVE FOR RADFORD

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PASS DEFENSE

FROM COLLINS

Reference Paris 2601, repeated Saigon 388.

Following comments submitted for information State and Defense; all paragraph references are to reference telegram unless otherwise indicated:

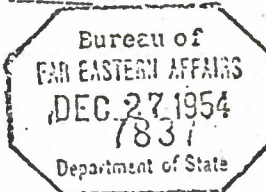
1. First paragraph statement that "only suggestion which has been accepted by Diem was appointment Minh as Minister of Defense" is not correct. See paragraph 2A, Part II, my telegram 2250. Most of actions listed there were taken upon my recommendations of which Ely had been informed.

2. Mendes statement in paragraph two likewise paints unduly black picture. Fact is that when Ely departed Saigon our staffs were still working on details of six programs outlined my telegram 2004. Ely and I had reached general agreement on each of these programs but until details were further developed, we were not prepared to present them to Diem government. Subsequent to Ely's departure we have discussed with Diem detailed suggestions for National Assembly. Generally these were received favorably by Diem. US staff officers now actively studying proposals with small committee appointed by Diem. While not conclusive, fairly satisfactory progress is being made. Similarly, statement attributed to Ely in paragraph 6 that "both were now virtually convinced that it was hopeless to expect anything of Diem" is an overstatement. I made no such statement to Ely though he might have deduced this from our discussions, reported in paragraphs 4 and 5 my telegram 2285. Reference paragraphs 6 and 8, we have not submitted any ultimatum to Diem although I have tried to make clear to him that no decision has been reached by the United

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-2- 2455, December 25, 8 p.m., from Saigon, CORRECTED COPY

States with respect to assumption of training responsibility or direct military aid and have indicated that my final recommendations will be dependent upon the progress actually achieved by his government during the remainder of my stay here. I am in full accord with position taken by Secretary outlined in paragraph 8.

3. I thoroughly disagree with the suggestion made by Mendes in paragraph 9 and by Eden in paragraph 11. As I view situation there are only four acceptable solutions with respect to Bao Dai: either (a) he should return to Saigon and use his full authority and influence to force sects and all other elements of country to support progressive program of Diem, or some other Premier if Diem is replaced; or (b) he should personally assume active direction of the government as Chief of State and Premier; or (c) he should cease pulling any strings from France or asserting any influence, except as specifically requested by French and Americans pending establishment of constitutional monarchy; or (d) he should renounce his authority as Chief of State. I assume that these and perhaps other alternatives will be examined thoroughly in Washington as indicated in Embassy telegram 2477 and Department telegram 2599, repeated Saigon 386.

4. Quite frankly I was disturbed over the attitude assumed by Mendes as indicated in paragraphs 21 through 24. Inference in paragraph 23 that Vietnamese Government had been breaking Geneva agreements with respect to public utility services in Haiphong is not factual to our best information. I told Ely that I had issued positive instructions to our MAAG and USOM representatives in Haiphong to cooperate fully with French in preventing violations of the Geneva Accord in Haiphong enclave. No single report of violations has been made to date. I wonder whether Mendes' reference is possibly a removal of US financed mining equipment which French commercial firms and Sainteny Mission may be concerned with. Ely has promised to have more valuable and better conditioned equipment of this character removed. However, Daridan only yesterday said there may be some question as to whether this equipment could be interpreted under the Geneva Accord as pertaining to public utilities.

5. Statement in paragraph 24 by Mendes that Collins-Ely agreement reference military training would have to be studied carefully from legal point of view again raises question authority delegated Ely and extent to which he will be supported by Mendes government in agreements made as indicated by Mendes in last Washington conference. If our conduct of training is to be hedged about with legal interpretations of the character in paragraph 24, then I would recommend that we not assume this responsibility. As indicated in an earlier message, Ely had agreed with me that if necessary, strength of

our MAAG

-3- 2455, December 25, 8 p.m., from Saigon, CORRECTED COPY

our MAAG training personnel could be increased beyond the 342 figure, if it were done quietly and over a period of months. While I am not a lawyer, I have carefully studied Article 16 of the Geneva agreement with respect to Vietnam and can find nowhere in this Article any basis for interpretations which Mendes appears to place on introductions of US training personnel. Fact is the 342 US total comprised Air Force technicians and MAAG Logistical personnel. These must be converted largely to personnel competent to train the Vietnamese Army.

6. After discussing with Radford above details and other factors concerning situation here, we were in accord that if NSC is to re-evaluate our policies in late January, to be followed perhaps by US, British-French consultations, it would be desirable for me to be present Washington during these discussions. Even the best modern communications lack the personal touch and give-and-take exchange of ideas which I would think would be essential if we are to make sound re-evaluation of our policies with respect to Vietnam.

KIDDER

LMS:JAK-6

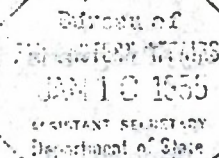
December 29, 1954

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MEMORANDUM FOR THE RECORD

PARTICIPANTS: The Secretary
Mr. Robertson
Mr. Young



*That the program
would be subject to
discontinuance at
any time, as at present*

SUBJECT: Indochina

Mr. Robertson and I went to see the Secretary this morning about beginning direct aid to Viet-Nam in January and moving ahead with MAAG negotiations in Cambodia.

1. The Secretary decided we should proceed as scheduled and "take the plunge" on January 1. Mr. Robertson and I stated the pros and cons. Mr. Robertson pointed out our prestige would be considerably more committed in the three Associated States and our ability to disengage made more difficult by this step. On the other hand, I pointed out it would give us more leverage, put our missions on a direct footing and carry out the understanding reached with the French and the three Associated States last September and October. I explained to the Secretary that Governor Stassen had set up an operational mechanism which would keep our direct aid fluid and flexible so that it could be tapered up or down quickly depending on developing circumstances. Mr. Robertson stressed that no amount of aid would be announced at this time or conveyed to the governments concerned. The Secretary indicated his approval of this general line or approach and that the program would be subject to discontinuance at any time, as at present.

2. With respect to the JCS prerequisite on elimination of the French in Cambodia, the Secretary stated that it was much too legalistic and unrealistic. It is the kind of thing that could get us into a great deal of complication without sufficient compensating advantages. He felt that this was the sort of problem which could be only handled in time and by various methods. To attack it so directly would only create much more of a problem.

Kenneth T. Young, Jr.

Approved

Disapproved

[Signature]

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Jan 5 1955

MEMORANDUM FOR THE JOINT CHIEFS OF STAFF

SUBJECT: Reconsideration of U. S. Military Programs in Southeast Asia

1. In a recent cable (DA IN 105690) General J. Lawton Collins indicated that Premier Ngo Dinh Diem of South Vietnam does not have the capacity to unify the divided factions in Vietnam and that unless action is taken to achieve such unity the country will be lost to Communism. He further stated that if measures to strengthen the government were unacceptable to the U. S., or were unsuccessful, the U. S. should re-evaluate its plans for assisting Southeast Asia. In addition, it is apparent that if the 1956 Vietnam elections are held, the Communists will probably emerge victorious. The political decision with respect to General Collins' recommendation has not yet been made.

2. In message No. 2585 dated 24 December 1954 to the American Embassies in Paris and Saigon, the Secretary of State was more optimistic and expressed the view that progress had been made in South Vietnam during the past five months.

3. Referenced communications indicate a delicate and unstable situation within South Vietnam. Under these circumstances, it is necessary that the Department of Defense be prepared for any eventuality; hence it is prudent that all the implications of possible courses of action be examined. Accordingly, it is requested that the Joint Chiefs of Staff submit their views and recommendations on the following points as well as any other which they deem appropriate.

a. Assuming aid is cut off, the effect of this action upon the ability of the armed forces and the Government of Vietnam to maintain internal security in South Vietnam.

b. Assuming minimal aid is to be given, the nature and extent of the military aid required, and the period for which it should be granted.

c. Force levels for the FEC which would enable them, in conjunction with available Vietnamese forces, to safeguard the evacuation from Vietnam of U. S. equipment.

d. Types and levels of equipment to be retained by the FEC and the Vietnamese armed forces.

e. Procedures for the rapid evacuation and disposition of excess U. S. equipment.

f. The military implications of the possible loss of South Vietnam to the Communists.

g. The type and level of assistance to be given to other countries in the area (Cambodia, Laos, Thailand, Burma) in the light of the above.

h. The extent to which these changed circumstances and revised programs will affect the discharge of U. S. obligations under the Southeast Asia Collective Defense Treaty.

4. It is further requested that this information be forwarded to me not later than 20 January 1955.

Signed -

C. E. Wilson

Distr: 1, 2, 3 - JCS
4 - R/C
5 - OFMA Plans Comeback
6 - OSD

Prepd. by JICoffey/2E845
Rewritten by: HSHensel/jcp/30 Dec 54
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THE JOINT CHIEFS OF STAFF

Washington 25, D.C.

21 January 1955

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Reconsideration of U.S. Military Programs
in Southeast Asia.

1. In response to your memorandum, dated 5 January 1955, subject as above, the Joint Chiefs of Staff submit the following views and recommendations.

2. In answer to the eight specific points raised in the above memorandum, the Joint Chiefs of Staff consider it appropriate, in view of the complexity of the problem and the difficulty of considering any of the questions in isolation, to forward a discussion of the points raised. This discussion is attached as the Appendix hereto.

3. The Joint Chiefs of Staff consider that the eight points mentioned involve only a portion of the over-all problem in an examination of the implications of possible courses of action. Accordingly, in response to your request to submit views and recommendations on any other points considered appropriate, the following courses of action are considered available to the United States in the light of the current situation in South Vietnam.

a. To continue aid to South Vietnam as currently being developed with the cooperation of the French and Vietnamese.

b. To institute a unilateral program of direct guidance to the Vietnamese government through an "advisory" system. Under this course of action, the amount of U.S. aid should be dependent upon Vietnamese adherence to U.S. direction.

c. In the event the courses of action in subparagraphs a and b above, are not sufficient to insure retention of South Vietnam to the Free World, to deploy self-sustaining U.S. forces to South Vietnam, either unilaterally, or as a part of a Manila Pact force.

d. To withdraw all U.S. support from South Vietnam and concentrate on saving the remainder of Southeast Asia.

Included in the discussion attached hereto are some of the advantages and disadvantages of each course.

4. Although national policy prescribes making every possible effort to prevent South Vietnam falling to the Communists, the degree to which the United States is willing to support this policy in men, money, materials, and acceptance of additional war risks is not readily apparent. Prior to consideration of military courses of action with respect to this area, a firm decision at national level as to implementation of U.S. policy in Southeast Asia is mandatory. In this connection, the Joint Chiefs of Staff have recommended previously against a "static" defense for this area and therefore reiterate the previously recommended adoption of a concept of offensive actions against the "military power of the aggressor".

For the Joint Chiefs of Staff:

/s/
ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff.

Enclosure

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

January 24, 1955

Copy No. 21

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Report on Vietnam for the National Security Council

REFERENCES: A. Annex A to NSC 5429/5
B. NSC Action No. 1259-e

The enclosed report on the subject, prepared by General J. Lawton Collins, Special Representative in Vietnam, is transmitted herewith for discussion by the National Security Council at its meeting on Thursday, January 27, 1955.

In the light of the nature of the report, distribution is being kept to an absolute minimum, and it is requested that any distribution beyond the addressees should be on a "need to know" basis.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

January 20, 1955

To: The Secretary of State
From: J. Lawton Collins, Special Representative in Vietnam
Subject: Report on Vietnam for the National Security Council

1. The situation in Vietnam is most complex and difficult toathom. My judgments are conditioned by the fact that I have been in Vietnam only two months. However, during this period I have studied intensively the major factors which will affect the out come of our efforts to save Free Vietnam from Communism. These major factors are:

a) The Strength and Intentions of the Viet Minh: Free Vietnam cannot match the military power of the Viet Minh who have, and will retain, the capability to overrun free Vietnam if they wish. Free Vietnam's ultimate security lies in the military and moral support it may receive under the Manila Pact. Strong affirmation by the signatories to the Manila Pact of their determination to react if hostilities were renewed in Indochina may be an essential factor in deterring the Viet Minh from launching an open attack. Moreover such a declaration would greatly strengthen the Diem Government's position. The Viet Minh have left elements throughout South Vietnam which constitute a continuing threat to the nation's security. On the other hand the Viet Minh have serious economic problems in the North, where semi-confiscatory taxation and other acts of repression have created much dissatisfaction. Knowledge of these adverse conditions of life in the North, as it reaches Free Vietnam, is beginning to have a salutary effect on the attitudes of people in the South and may have considerable bearing on the elections if they are held in 1956.

b) The Attitude and Intentions of France: There is considerable doubt in my mind as to the real intentions and objectives of France in Indochina. There is strong evidence that the French favor a new Vietnamese Government which will offer no serious resistance to the Viet Minh or to French direction. Without French support, and that support is far from assured, the survival of Free Vietnam is problematical.

c) Attitude and Intentions of the Sects: The politico-religious armed groups called the Cao Dai, Hoa Hao, and Binh Xuyen are anti-Communist in orientation, but feudalistic and regressive in all other respects. At present they have an

effective veto power over government action. This power they use to block reforms which might threaten their preferred military, economic and political status. They will retain their power to threaten and harass the government until the National Army is strong enough to neutralize their forces.

d) Loyalty and Effectiveness of the Vietnamese Armed Forces: When I arrived in Vietnam the Government was terrorized by a rebellious Chief of Staff, General Dinh. Dinh's departure and dismissal shortly thereafter cleared the way for steps to render the Army subordinate to the Government. Diem now has a fair measure of control over the armed forces. The Army is being deployed throughout the country to carry out a so-called "National Security Action" program designed to combat Viet Minh infiltration and restore civil government throughout the country. The Army's degree of effectiveness in executing this program will have a decisive bearing on the success or failure of the Diem Government. It is too soon to predict whether or not the National Security Action program will succeed but agreement by the United States to assume training responsibility and to grant financial aid to a reorganized and revitalized national army should have significant stabilizing effects.

e) Economic Aspects of Free Vietnam: Free Vietnam is capable of maintaining a viable economy, at modest levels. The territory is now self-sufficient in food and formerly produced a substantial rice export surplus. Rice and rubber are traditionally the principal sources of Vietnamese foreign exchange. As security improves, export availability of these products should increase, thus contributing toward stabilization of the economy.

f) Ability of Diem to Secure Broad Popular Support: There is still a serious question in my mind as to whether Diem will be able to establish broad popular confidence in, and support for, his Government. However, he has enjoyed some recent successes in his dealings with the sects. This and his retention of active U.S. support have tended to enhance his prestige. However, Diem has much yet to learn about practical politics and public relations. While at times he conveys the impression of being well over his depth, recently he has evidenced greater flexibility in handling people and increased self-confidence in dealing with his ministers and public issues. On balance I believe that Diem's integrity, strong nationalism, tenacity, and spiritual qualities render him the best available Prime Minister to lead Vietnam in its struggle against Communism.

2. In order to assist the Diem Government to capitalize

on its advantages and to overcome the obstacles to its success, I have directed the principal efforts of the United States in Vietnam, in cooperation with the French, toward aiding the Vietnamese to develop and execute a series of emergency programs covering the military establishment, agrarian reform, refugee resettlement, fiscal management, and the establishment of a national assembly. Some progress, of increasing momentum is being made in all these fields, with corresponding increase in the stability of the Government. The least successful aspect of my mission has been my failure thus far to induce Diem to broaden his Government by including other able, experienced leaders, such as Dr. Phan Huy Quat, former Defense Minister.

3. Considering all factors, although the situation in Vietnam is not bright, I believe that if Diem has firm U.S. support and guidance and active French cooperation, or at least acquiescence, his Government has a reasonable prospect of success. While the atmosphere in Saigon has improved demonstrably since November, owing to the departure of General Hinh and the backing which the United States Government has given to Diem, I have been unable to determine the extent of improvement in the countryside and villages of free Vietnam. There the Viet Minh will maintain a significant degree of control until the National Security Action program is well advanced. Moreover, the sects, although displaying some uneasiness that their days of political and financial independence may be numbered, remain devoid of any sense of national conscience and still have the capacity to do great harm. Likewise the prospect of national elections in 1956 hangs as a threat over free Vietnam. This threat may reach the stage of crisis by July 1955, the period when under the Geneva Accord the two sides are to begin discussions leading to elections. Nevertheless, in my judgment, there is at least an even chance that Vietnam can be saved from Communism if the present programs of its Government are fully implemented.

4. a. Best available estimate of the costs for CY 55 of financing programs of military and non-military aid that I recommend are:

	<u>CY 55</u>	<u>1st Half</u>	<u>2nd Half</u>
Military	\$ 152.3	\$ 130.9	
Non-military	<u>54.2</u>	<u>58.3</u>	
Total Costs	\$ 206.5	\$ 189.2	
Less Vietnamese Contribution	<u>34.2</u>	<u>34.2</u>	
Remaining Requirement for			
U.S. Funds	\$172.3	\$ 155.0	

b. In practice, because of delays in making new

U.S. appropriations available in Vietnam, Vietnamese calendar year expenses have normally been paid from funds appropriated for the U.S. fiscal year.

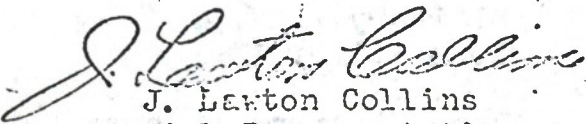
c. However, if it is necessary to reduce Vietnam's share of the \$700,000,000 currently appropriated for Southeast Asia, it would be possible to limit the amount made available to Vietnam to \$172,300,000 (required for 1st half of CY 1955) if we could be assured of \$155,000,000 (required for 2nd half of CY 1955) from new FY 1956 appropriations.

d. Estimated costs for CY 1956 are:

	<u>CY 1956</u>	<u>1st Half</u>	<u>2nd Half</u>
Military		\$ 91.4	\$ 88.6
Non-Military		40.3	33.3
Total Costs		\$131.7	\$121.9
Less Vietnamese Contribution		28.5	28.5
Remaining Requirement for U.S. Funds		\$103.2	\$ 93.4

e. The requirement for U.S. funds for the second half of CY 1955, \$155.0 million, added to the requirement for U.S. funds for the first half of CY 1956, \$103.2 million, or a total of \$258.2 million, would be the total requirement for U.S. FY 1956 appropriations. A contingency fund of \$20 million may be required for FY 1956 as indicated in Enclosure "B".

5. In view of the importance of Vietnam to all of Southeast Asia, I am convinced that the United States should expend the funds, materiel, and effort required to strengthen the country and help it retain its independence. I cannot guarantee that Vietnam will remain free, even with our aid. But I know that without our aid Vietnam will surely be lost to Communism. If the chances of success are difficult to calculate, the results of a withdrawal of American aid are only too certain, not only in Vietnam but throughout Southeast Asia. Such a withdrawal would hasten the rate of Communist advances in the Far East as a whole and could result in the loss of Southeast Asia to Communism. In my opinion, the chance of success is not only worth the gamble; we cannot afford to let free Vietnam go by default.


J. Lorton Collins
Special Representative
of the United States in Vietnam

SUPPLEMENT
TO THE REPORT ON VIETNAM
by
GEN. J. LAWTON COLLINS

1. POST-GENEVA CRISIS IN VIETNAM. a. Origin of the Crisis. The immediate cause of the crisis in Vietnam which reached an acute phase in the fall of 1954 was the Geneva Accord. This agreement ended seven years of war by dividing the country at the 17th parallel and awarded administration of Tonkin and northern Annam to a victorious Communist army and regime. Under French leadership Vietnam had participated in the war under conditions which tended to perpetuate the essential features of colonial rule. These conditions discouraged the growth of institutions which might have constituted a bulwark against the Viet Minh in the South even after the enemy had prevailed militarily in the North. Vietnam emerged from the war with nominal independence, but this exerted less popular appeal than the anti-colonial slogans of the Viet Minh. Its so-called National Army at the moment of defeat was neither national nor an army. Its civil administration was demoralized. Its government lacked effective control and was faced with the prospect of national elections in 1956 which could reunite the country under Communist control. However, this government, headed by Ngo Dinh Diem since June 1954, was the first nationalist government of Vietnam and with its moral force resolutely opposed the Viet Minh.

b. Diem and his Opposition. (1) Because of its anti-Viet Minh and nationalist character, the Diem Government was unpopular with nearly the entire range of French officialdom. Some French elements hoped for an accommodation between North and South which would permit the French to continue to do business with the entire country. Others nourished the illusion that a quasi-colonial regime could be established and perpetuated in Cochinchina. Under pressure from both sides, the French Government through its representatives in Paris, Washington and Saigon, made repeated representations to the U.S. Government, which had publicly stated its support of the Diem Government, to the effect that Diem had had his chance, had failed, and should be replaced. The negative reply to these overtures was based on the U.S. contention that Diem, owing to circumstances beyond his control, had not had a real chance to prove himself; that to replace him without removing the impediments to his success would only lead to another failure; and that the men suggested by the French to

replace Diem were unacceptable for being either French puppets or crypto-Viet Minh.

(2) The opposition to Diem, in addition to the Communists and a large element of the French, included the Chief of the Vietnamese General Staff and the sectarian religious groups. These sects have long been more concerned with maintaining their private armies and domains than with working for the common national good. The sects finally joined the Diem Government, to protect their own interests. However, General Minh, the Chief of Staff of the Armed Forces, with some tacit support from the sects, precipitated a prolonged crisis by threatening for about two months to overthrow the Government by force. Although this officer was a French citizen and a lieutenant colonel in the French Air Force, no effective French pressure was brought to bear on him to desist from threatening the Government. On the contrary, it appeared that a Vietnamese Meguib (or Nasser) would not have been unwelcome to the French if he had been able to establish a military dictatorship responsive to French direction.

c. Situation as of November 1954. (1) As of the date my mission arrived in Saigon, General Minh, the Chief of Staff, continued to threaten the Government, even though he had been ordered by the Chief of State to proceed to France. The sects, although represented in the Government, were openly working toward their own objectives, without thought of the consequences of their action upon the nation. The Viet Minh were in effective control of most of the rural areas and villages under nominal authority of the National Government. French representatives were pressing for the early removal of Diem and his replacement by one of their own stooges or else by a Viet Minh sympathizer who might reach some kind of understanding, perhaps tacit, with the Viet Minh. The latter course, they felt, would facilitate the work of Sainteny, then negotiating in Hanoi with the Viet Minh to the end that French businesses might continue to operate under "normal" conditions in Viet Minh territory. At the same time the Government was faced with the crushing problem of moving, caring for and relocating anti-Communist refugees from the North who now number nearly one-half million and may in the end total one million. This undertaking, which could never have succeeded without the devoted service of the French Army and the American Navy and the financial support of the U.S. Government, will long tax the resources of the nation, involving as it does one of the most significant population movements of modern times.

(2) From nearly every point of view, "free" Vietnam appeared headed toward absorption by the Viet Minh, whether through a French-managed accommodation with the Communists or through the restoration of a scarcely-veiled colonial system in South Vietnam which could have been sustained against the Viet Minh only by the weight of arms which, paradoxically, the French had made clear they had no intention of using.

2. PURPOSE OF COLLINS MISSION. In his letter of November 1, 1954, instructing me to undertake a special mission to Vietnam, the President said he was ordering me to Saigon for a limited period to coordinate and direct U.S. activities in Vietnam in support of U.S. policy objectives. To that end, he gave me broad authority to direct, utilize and control all agencies of the U.S. Government in that country. My immediate task was to attempt to check a rapidly deteriorating situation in Vietnam and to help Diem's Government establish internal security and political stability throughout its territories. The emergency, rather than the long-range, aspects of U.S. policy in Vietnam were designated the principal task of my mission.

3. SEVEN-POINT PROGRAM. a. I was soon impressed with the fact that the National Army was the key to success or failure in Vietnam. The Army was under the command of an avowed enemy of the Diem Government. So long as the Government could not rely on the Army, it was powerless not only against the General Staff but also against the sects, each with its private army and special interests, and even more importantly against the Viet Minh who stood in a fair way to win Vietnam south of the 17th parallel through subversion. Accordingly, my initial efforts were directed toward preparing recommendations on the National Army which had to be dealt with before any of the other urgent problems of Vietnam could be solved. Fortunately, shortly after my arrival, General Minh obeyed the orders Bao Dai had been prevailed upon to issue, and left Vietnam for France, as I had urged him to do. Minh's departure removed some of the aspects of crisis from the National Army program but did not rob it of its importance as the nation's most urgent problem.

b. In accord with the French Commissioner General Ely, I proceeded thereafter to draw up a seven-point program of action to which I proposed to devote the limited period of my mission in Vietnam. I had consulted Ely in detail as this program was being drawn up, and had obtained his concurrence and the cooperation of his staff members who worked

closely with mine. Our close collaboration was confirmed in December by the Secretary of State and the French Premier after their meeting in Washington.

c. The seven-point program we evolved was as follows:

(1) Vietnamese Armed Forces

(a) Agreement to be reached with French and Vietnamese on the size, composition and mission of the forces.

(b) Assumption by MAAG of full responsibility for training Vietnamese Armed Forces.

(c) Full autonomy to be granted to Vietnamese Armed Forces.

(d) National Army support, and subordination to, Vietnamese Government to be assured.

(e) Employment of National Army in National Security Action (pacification and anti-subversion program).

(2) Strengthening and broadening of Diem Government.

(3) Relocation of refugees and their absorption into the national economy.

• (4) Agrarian reform, particularly those phases designed to get refugees onto the land and restore all untilled lands to cultivation.

(5) Establishment of a National Assembly.

(6) Financial and economic measures designed to strengthen the economy, meet U.S. requirements for receiving direct American aid and to support other points of the program.

(7) Education and training, particularly in the field of public administration.

d. It was agreed that as progress was achieved in each field a calculated effort would be made to give major credit to President Diem for such progress. Diem would make the public announcements through an improved and expanded Vietnamese Public Information Service. I charged the chief of our USIS with the implementation of this most important aspect of our program.

4. PROGRESS IN IMPLEMENTING SEVEN-POINT PROGRAM. a. Vietnamese Armed Forces. (1) On December 13 General Ely and I agreed on a force structure for the Vietnamese Armed Forces and on the assumption by MAAG of full responsibility for training these forces under the overall authority of the Commander-in-Chief in Indochina. Delay by the French Government in approving our agreement on this subject has held up implementation of this aspect of the program.

(2) The same agreement referred to above provides that the Vietnamese Armed Forces will be fully autonomous, that is staffed and commanded solely by Vietnamese officers, by July 1, 1955.

(3) Additionally, on January 19, I reached agreement with President Diem and the Vietnamese Minister of National Defense on a slightly modified force structure and on a program for reorganization of the Vietnamese Armed Forces, in which General Ely concurred. This agreement is contained in an exchange of letters between the Vietnamese Government and me.

(4) The structure of the Vietnamese Armed Forces (shown in Enclosure A) is designed to accomplish a two-fold mission: the establishment and maintenance of internal security; and the capability of providing sufficient initial resistance to external attack to prevent the country from being rapidly overrun before outside assistance can be brought to bear. To accomplish these missions the Army is to be organized into six divisions: three territorial divisions, essentially existing regional commands; and three field divisions to constitute a mobile battle corps to reinforce provincial units and provide a delaying shield in event of aggression.

(5) This structure is based on the concept that a relatively small force, properly trained, equipped and led, can perform the above missions more effectively and at less cost than a larger force which would be disproportionate to the economic and manpower capacities of the country. In any case, the Viet Minh enemy, backed by its Communist Chinese ally, could always maintain the capability of matching and exceeding whatever number of divisions free Vietnam could put into the field.

(6) Thus the Vietnamese Armed Forces described above, and the concept upon which their structure is based, do not in themselves insure the security of free Vietnam in the event of external attack. Such security must depend ultimately on the Manila Pact Powers and the action they would

be prepared to take, to which Vietnamese forces themselves would make a vital contribution.

(7) Significant progress has been made in attaining National Army support of, and subordination to, the Vietnamese Government following the departure of General Binh. While it may be too early to say that the National Army is now in all senses the military arm of the Government, I believe that this aspect of the program is on the right path and with patient application will be fully realized.

(8) The deployment of the territorial force of the National Army to the provinces has already begun. The objectives and methods of the National Security Action Program have been explained to military and civil authorities having responsibilities throughout the country. This program too is of long range character and will take some months to execute. A good start has been made.

b. Strengthening and Broadening of Diem Government.

Little progress has been made toward strengthening and broadening the Diem Government. This failure is attributable to the fact that more than half of the present cabinet ministers represent the sects and are opposed to accepting into the cabinet any man who might threaten their position there or the place of their respective sect in the society. Prime Minister Diem contends that he wishes to broaden his Government but dares not do so until the National Army has been rendered capable of neutralizing the private military forces of the sects. The failure of Diem to accept Dr. Phan Huy Quat in the Government was a major set-back. There is still an urgent need for an effective Minister of the Interior, and the Ministries of Information and Agriculture particularly need strengthening. Considerable improvement has resulted from the appointment of Ho Thong Minh as Defense Minister and Diem's relinquishment to him of authority to direct and control the Defense Ministry. The new Commissioner of Refugees, Phan Van Huyen, also represents an improvement. I fear that no further progress on this front, however, will be made for some time to come.

c. Relocation of Refugees. This is likewise a long range and complex problem. It has been under urgent study by members of USCM and the appropriate ministries of the Government. Some progress has been made in developing plans to absorb the hundreds of thousands of refugees into the productive life of the nation, particularly in the field of agriculture.

d. Agrarian Reform. President Diem intends to announce in his New Year's message (January 24) an agrarian reform program

covering landlord-tenant relationships, conditions of land tenure, and an emergency program whereby refugees and military personnel demobilized as a result of the reduction in the Armed Forces can be placed upon land abandoned by its owners or not now in use. The program will provide that after three years, if certain conditions are met, the refugees can obtain permanent possession of the land on which they are placed.

e. Establishment of a National Assembly. Vietnamese experts have drafted, and with the close cooperation of members of the Embassy staff, revised a decree establishing a national assembly. This assembly will be provisional, will have some elective character, and will have only limited powers. This assembly will prepare for the later establishment of a constituent assembly but will itself have no constituent powers. This point is important since to establish the permanent form of the government necessarily involves defining the role of the present Chief of State Bao Dai. The inclination of the present government is to throw over Bao Dai, but I feel that as long as the national government is unable to cope with the sects and other splinter groups without his aid, it would be both premature and dangerous to remove Bao Dai from his position as Chief of State.

f. Financial and Economic Measures to Strengthen the Economy. (1) Vietnam now has its own national bank and is independent of the previous quadripartite system. American experts of the USOM and Embassy staffs are working with Vietnamese Government officials to establish procedures acceptable to the United States with regard to foreign exchange, import controls, and related matters. Much time has been consumed in explaining American requirements but the Vietnamese officials have displayed good will and I believe that they will meet our objectives in this regard.

(2) During CY 1955, tax receipts of the national government of Vietnam will be approximately \$139 million, of which \$116 million will have to be used for ordinary civilian expenditures of the government. This surplus on the civilian side of the budget, plus borrowing and other extraordinary receipts of the national government, will permit the Vietnamese Government to contribute approximately \$68 million to the extraordinary expenditures of the Government, including military, refugees, and economic aid. The balance of necessary expenditures of approximately \$327 million will have to be met by United States aid. For FY 1956 it is estimated that receipts will increase and expenditures decline, so that aid needed will decline to approximately \$258 million.

(3) Requirements for United States economic aid are expected to increase from approximately \$34 million in FY 1955 to \$50 million in CY 1955, and to \$66 million in FY 1956, or an approximate doubling from FY 1955 to FY 1956. The major increase is in transportation and communications, with smaller increases in agriculture, education and public administration, and public health.

(4) As shown by the above figures, during 1955 and 1956, economic aid requirements will increase and military aid requirements will decrease. Enclosure "B" shows graphically the magnitude of Vietnamese Government extraordinary expenses, the expected Vietnamese contribution, and the amount of United States aid recommended for military and non-military aid programs during 1955 and 1956.

G. Education and Training in Public Administration.

The Vietnamese Government is about to sign a contract with Michigan State College, under the sponsorship of FOA, which will provide a much-needed school of public administration and specialized training in police methods.

5. PROBLEM OF THE SECTS. The normal problems of a divided country are enormously complicated by the existence in free Vietnam of two religious sects (Cao Dai and Hoa Hao) and a powerful band of "nationalistic" free-booters (Binh Xuyen). Each of these groups is rendered dangerous by its possession of armed forces and its control of a considerable portion of the national territory. The sects and the Binh Xuyen, although they have at various times played an anti-French role, are vestiges of the colonial policy of divide and rule. While no reliable statistics are available, these groups claim to embrace about one-tenth of the population of free Vietnam and to have forces variously armed totalling 40/50,000. The French have incorporated some thousands of these armed forces into their Expeditionary Corps and have provided the financial means for the perpetuation of the sects as semi-independent principalities. French subsidies to the sects, however, which have steadily diminished over recent months, will, according to General Ely, be entirely suspended as of January 31. This development, while dangerous in the immediate future, is of long range advantage to the Vietnamese Government in that it offers the opportunity, if properly exploited, to end once and for all the acute threat of the sects to an orderly central government. Lacking French support the sects will be obliged to turn to the national government. If the government handles them skillfully, they can be brought into line and shorn of their power to create serious trouble. However, if the government does not proceed cautiously in this matter, there is a possibility that the sects, or fragments of them, may resort to open banditry at a time when the national government and army are not prepared to meet this new menace.

6. U.S. RELATIONS WITH FRENCH IN VIETNAM. One of the crucial requirements of U.S. policy and operations in Vietnam is to determine precisely what French intentions toward the country are. It is clear that the French in Vietnam do not speak with a single voice. I have entire confidence in the integrity of General Ely and have no doubt that he believes what he has said to me during the course of our association in Saigon. However, the presence in Hanoi of the Sainteny mission, the conversation I had with Sainteny in Ely's presence, and excellent analyses made by our Embassy in Paris, lead me to believe that General Ely is not the sole representative in Vietnam of the French Government. This view is reinforced by a continuing and undisguised French desire to remove Prime Minister Diem in favor of one of their own candidates. I believe that the French are preparing two possible courses of action:

a. If free Vietnam should be taken over by the Communists, the French wish to be prepared to make a deal with Ho Chi Minh in order to continue trade and cultural relations with Ho under some form of "co-existence".

b. If, on the other hand, free Vietnam, largely through U.S. aid and support of the Manila Pact, can be saved as an independent state, the French still wish to retain their special economic and cultural status, claim a large measure of credit for such success, and thus, perhaps, hold free Vietnam in the French Union. The French Government, however, is still undecided as to the outcome, and so testers back and forth between these two policies. I feel that our government should have this matter out with the French Government once and for all. With full and faithful support from the French, Diem has a fair chance of success. Without such support, particularly if instead there should be covert obstructionism from the French in the form of support of rival leaders, perhaps with Bao Dai's connivance, Diem's chances will be materially lessened.

7. PRIME MINISTER DIEM. a. Diem's virtues lie in his widely acknowledged probity and nationalism. His disadvantages as a head of government are his lack of executive experience, his conspiratorial past which tends to make him suspicious of those who do not openly support him, his naive trust in those willing to flatter his ego, his lack of "know how" in selling himself to his people, his narrowness of view, his tendency to exaggerate his insight into the problems of Vietnam, and his great stubbornness. Moreover Diem has surrounded himself with members of his family whose defects tend to intensify rather than offset his own.

b. However, since my arrival in Saigon I have observed some improvement in Diem's conduct of public affairs, and I believe that with continued staunch American support he may be able to succeed. It should be noted that the problems he faces would daunt the most experienced statesman. No one else is in sight at the present time who could usefully replace Diem. However, as a last resort, it may become necessary to call upon the personal presence and support of Bao Dai to enable Diem to solve the complex problem of his relations with the sects and the ultimate position of these groups in the national society. This would have to be done, however, under certain guarantees, firmly agreed to in advance by Bao Dai, as indicated in pertinent telegrams I have sent the Department.

J.H.C.

PROPOSED FORCE BASIS FOR FREE VIET-NAM FOR CY 1956

<u>ACTIVITY</u>	<u>STRENGTH</u>	
	<u>MILITARY</u>	<u>CIVILIAN</u>
<u>ARMY</u>		
Armed Forces Headquarters	2,500	
Territorial Divisions (3)	24,500	
Per Div:		
Div Hq & Sp Trps at 800		
Split among 3 Div:		
13 Security Regt Hq at 200		
39 Security Bns at 500		
Field Divisions (3 at 8,450)	25,350	
Airborne RCT (1)	3,700	
Army Troops	13,950	
ComZ Troops	4,000	4,000
Schools and Camps	5,000	
Pipeline	5,000	
Reduced Pay Trainees	10,000	
	<hr/>	<hr/>
TOTAL ARMY	94,000	4,000
<u>AIR FORCE</u>		
Hq and Svc Elements	1,000	150
Operating Units (1)	2,000	
2 Ln Sqn		
1 Trans Sqn		
	<hr/>	<hr/>
TOTAL AIR FORCE	3,000	150
<u>NAVY</u>		
Hq Staffs and Services	700	250
Training School	400	
Ships Crews	1,900	
	<hr/>	<hr/>
TOTAL NAVY	3,000	250
	<hr/>	<hr/>
TOTAL ARMED FORCES :	100,000	4,400

(1) During second year add
1 Ftr Sqn, 1 Trans Sqn, 1,000 men.

COST ESTIMATE FOR U.S. SUPPORT OF VIETNAM

In Millions of U.S. Dollars

	FY 55		FY 56	
	Second Half 1954	First Half 1955	Second Half 1955	First Half 1956
Base Government Ordinary Expenses ^{1/}				
Military Expenses	194.2	152.3	130.9	91.4
Mobilization Allowance	-	10.0	10.0	-
Refugee Settlement ^{2/}	18.0	27.0	15.0	7.0
Economic Aid Total	17.2	17.2	33.3	33.3
which:				
Agriculture	4.2	4.2	6.7	6.7
Transportation,				
Industry & Mining	4.0	4.0	12.1	12.1
Community Development				
Public Health	2.1	2.1	3.3	3.3
Education & Public				
Administration	4.7	4.7	7.1	7.1
Miscellaneous	2.2	2.2	4.1	4.1
Extraordinary Expenses (Half Yrs.)	229.4	206.5	189.2	131.7
Basis				
Basis	435.9	395.7	320.9	253.6
Total				121.9
Vietnamese Contribution (Half Yrs.)	35.7	34.2	34.2	28.5
Basis				
Basis	69.9	68.4	62.7	57.0
Total				28.5
Distribution (residual) (Half Yrs.)	193.7	172.3	155.0	103.2
Basis				
Basis	366.0	327.3	258.2	196.6
Total				93.4

- 2 -

In Millions of U.S. Dollars

	<u>Second Half</u> <u>1954</u>	<u>First Half</u> <u>1955</u>	<u>Second Half</u> <u>1955</u>	<u>First Half</u> <u>1956</u>	<u>Second Half</u> <u>1956</u>
Total Vietnamese Contribution of which:	35.7	34.2	34.2	28.5	28.5
Civilian Budget Surplus	24.3	11.4	11.4	17.1	17.1
Non-recurring resources	-	17.1	17.1	5.7	5.7
Borrowing from Central Bank	11.4	5.7	5.7	5.7	5.7

Figures shown are on budget rather than expenditure basis.

In view of the unexpected influx of refugees, the \$4.5 million presently programmed for FY '55 may fall short by \$15 million of anticipated needs.

No program has been drawn up for July-December '56; figures here are continuation of FY '56 program.

Comprised of \$45.6 million to be reimbursed by the French for expenditures already made by the Vietnamese Treasury, if Embassy and French recommendations for settlement of 1954 military expenditures are accepted. This money will be available to be spent in CY '55 and CY '56.

CONTINGENCY FUND.

Certain additional costs not reflected in the above cost estimate will probably require larger Vietnamese Governmental expenditures than presently estimated. These additional costs will be:

(1) The financial support given by the Vietnamese Government to the sects, which will increase when the French cease their financial support of the sects on 31 January 1955. Diem will probably have to continue the subsidies he now gives the sects and assume at least part of the support now provided by the French for the time being, and until he is in a position politically and militarily to cut off their subsidies. It is difficult to estimate the amount of support the Vietnamese Government will feel required to furnish. However, based on present Vietnamese and French payment figures a total of approximately \$5,000,000 may be required in FY 1956. Expenditure of this sum would reduce the Vietnamese contribution to its own military and economic aid programs and increase the requirement for U.S. funds accordingly for FY 1956.

(2) Another incalculable cost will arise if the refugee evacuation toward the end of the 300-day period (May, 1955) exceeds expectations. There may be a requirement for an additional \$15,000,000 in this field. I therefore recommend that the cost estimates cited as requirements for U.S. funds be considered as minimum figures, and that sufficient additional funds on the order of \$20,000,000 be made available for FY 1956 to permit flexibility in coping with the above contingencies, if necessary.

ITEM 1 (For Discussion)

REPORT ON VIETNAM FOR THE NATIONAL SECURITY COUNCIL BY GENERAL COLLINS

BACKGROUND AND SUMMARY

1. General Collins will be present to discuss his written report of 20 January 1955 (see TAB A). The principal points in this report are:

a. Because Free Vietnam security lies in the military and moral support it may receive under the Manila Pact, the determination to react in the event of a renewal of hostilities in Indochina should be strongly affirmed by the signatories at the forthcoming Bangkok conference.

b. There is a real doubt as to French intentions and objectives in Indochina. Although General Ely is cooperative in Free Vietnam, the Sainteny mission in north Vietnam appears eager to "accommodate" with the Communists. The U. S. Government should have this matter out with the French Government once and for all.

c. Dien is the best available Prime Minister.

d. The principal efforts of the U. S. at present are to aid the Vietnamese to develop and execute a series of emergency programs covering the military establishment, agrarian reform, refugee resettlement, fiscal management, and the establishment of a national assembly. Agreement by the U. S. to assume training responsibility and to grant financial aid to a reorganized and revitalized national army should have a stabilizing effect.

e. The prospect of national elections in 1956 hangs as a threat over Free Vietnam.

f. The U. S. should expend the funds, material, and effort required to strengthen the country and help it retain its independence. Without our aid, Vietnam will surely be lost to Communism. If Dien has firm U. S. support and guidance, and French cooperation, he has a reasonable prospect for success. This chance of success is well worth the gamble.

COMMENTS

2. The Planning Board has discussed the report, and the following are its comments:

a. It concurs in the desirability of a strong affirmation at Bangkok of allied determination to implement the Manila Pact, should the need arise.

b. The State Department contends that we have had "this matter out with the French" at various high-level conferences and that the French have agreed in principle to our position in writing. The Planning Board believes we should

now insist that the French implement this agreement, in practice as well as in principle, in all respects. For example, we should insist that they remove the expensive FOA-financed machinery from the coal mines north of Hanoi. This mine plays a large role in the economy of the area, providing power for the region, and at present is being worked by the Communists for their benefit. Despite French assurances, nothing is being done to remove the machinery.

g. It concurs that Dien is probably the best available Prime Minister.

h. It concurs in the present emergency programs subject to screening in detail by the departments and agencies concerned.

i. It concurs that guidance regarding the 1956 elections is necessary and that this should be developed and sent to General Collins within the next month or six weeks.

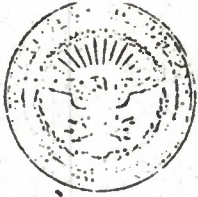
j. It concurs in the order of magnitude of the cost to the U. S. of the military and non-military programs for FY 55 (\$327.3 million) and FY 56 (\$196.6 million). There appears to be no insurmountable obstacles to the financing of these programs. The force goals for the Vietnamese armed forces have already been approved by the Joint Chiefs of Staff.

RECOMMENDATIONS

3. It is recommended that:

a. You approve the report of General Collins and express the appreciation of the DOD for his work in Indochina.

b. You support the Planning Board positions regarding the above major points in the event the Council is asked to act on them.



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

11 February 1955

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Concept and Plans for the Implementation,
if Necessary, of Article IV, 1, of the
Manila Pact.

1. This is in response to a memorandum by the Deputy Secretary of Defense, dated 6 January 1955, subject as above, in which it was requested that the Joint Chiefs of Staff recommend a concept and broad outline plans for the application of U.S. military power under the Manila Pact with a primary objective being the deterrence of ". . . overt aggression by China or other Communist nations."

2. There are three basic forms in which aggression in Southeast Asia can occur:

- a. Overt armed attack from outside of the area.
- b. Overt armed attack from within the area of each of the sovereign states.
- c. Aggression other than armed, i.e., political warfare, or subversion.

3. The Joint Chiefs of Staff consider that their views previously expressed in a memorandum for the Secretary of Defense, dated 8 October 1954, subject: "Military Consultation Under the Southeast Asia Collective Defense Treaty," in which the Joint Chiefs of Staff stated that "U.S. commitments to Formosa, Japan and Korea, which nations have been excluded from the treaty, make it imperative that the United States not be restricted by force commitments in the subject treaty area" remain valid.

4. In order to retain this freedom of action it is considered that the United States should not enter into combined military planning for the defense of the treaty area with the other Manila Pact powers nor should details of United States unilateral plans for military action in the event of Communist aggression in Southeast Asia be disclosed to the other powers.

5. Based on the above considerations, the Joint Chiefs of Staff recommend the following as a concept and broad outline plan for the application of U.S. military power under the Manila Pact:

a. Continued development of combat effective indigenous forces, with their structure and training mutually coordinated to develop local leadership and prestige, and with improved capabilities to create a cohesive fighting force through integration of their operations with adjacent indigenous forces and with support by operations of forces of other Manila Pact members.

b. Readiness to retaliate promptly with attacks by the most effective combination of U.S. armed forces against the military power of the aggressor.

c. Encouragement of other Manila Pact countries to maintain forces in readiness to counter aggression.

d. Discussion, in general terms, of unilateral military plans by the Military Representatives to the Council to the extent necessary to insure maximum participation and cooperation by other member nations but not to the extent that U.S. strategic plans or the availability of U.S. forces for implementing such plans might be revealed.

e. Periodic visits by U.S. forces into the area as demonstrations of intent, and for joint and combined training exercises.

f. Availability of appropriate mechanism for the employment of U.S. forces in support of friendly indigenous forces in the general area.

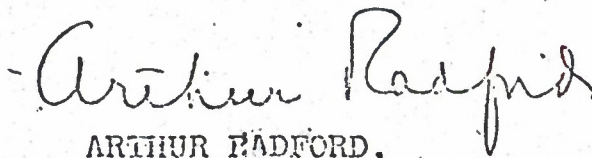
6. The concept of prompt retaliatory attacks does not envisage attacks on targets within the aggressor country other than on military targets involved in the direct support of the aggressor action. If authorized, atomic weapons would be used, even in a local situation, if such use will bring the aggression to a swift and positive cessation, and if, on a balance of political and military consideration, such use will best advance U.S. security interests. Under the alternative assumption that authority to use atomic weapons cannot be assured, the above concept would not require change, but this assumption would not permit the most effective employment of U.S. armed forces, and consequently might require greater forces than the U.S. would be justified in providing from the over-all point of view.

7. In the event general war should develop, U.S. forces will be deployed as indicated in emergency war plans, and with the principal effort devoted to strategic areas considered more vital than Southeast Asia. However, should an aggression result in a prolonged localized conflict of limited objectives, additional U.S. forces could be deployed to the area if required. The application of this additional U.S. military power, in conjunction with the military power of other member nations of the Manila Pact, would involve the movement, deployment, and support of U.S. forces not within presently approved force levels, and the mobilization of the defense effort of the Manila Pact nations. In order for the United States to support this additional effort, the military budget and personnel ceilings would require considerable increases.

8. The above considerations are based on currently planned U.S. military capabilities and on the assumption that the United States will not enter into specific agreements with other Manila Pact countries in regard to commitment or earmarking of U.S. forces for employment in the Southeast Asia area or Western Pacific. Such a position will permit the United States, in the event of further Communist aggression in Southeast Asia, freedom of action in determining the type of U.S. forces to be employed and the method of their employment, and can be so implemented as to retain the support of member nations of the Manila Pact and other friendly or neutral countries in the general area. It must be fully understood that the United States cannot guarantee the territorial integrity of any member nation, but at most can help secure the independence of those countries whose peoples desire it and who are willing to undertake the responsibilities of self-government.

9. The Joint Chiefs of Staff consider that success in implementing the above concept will be dependent on the resolution with which future U.S. decisions concerning the Manila Pact are made and carried out. However, frequent pronouncements by high government officials to insure better public understanding of our objectives and necessary courses of action will materially assist in obtaining success.

For the Joint Chiefs of Staff:



ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff.

DEPARTMENT OF DEFENSE CONTRIBUTION TO
AND PARTICIPATION IN THE BANGKOK CONFERENCE

Department of Defense contribution to and participation in the Bangkok Conference consisted of two phases of activity - the preliminary phase and the conference phase.

During the preliminary phase the Department of Defense provided membership on the International Working Group which met in Washington during the period 30 November 1954 - 7 February 1955. In addition to representatives of the U.S. Departments of Defense and State, the membership of the International Working Group consisted of the Ambassadors of the seven other signatory countries who, in turn, were supported by their political and military advisers.

The primary function of the International Working Group was to develop and give consideration to the problems which would be discussed at the Bangkok Conference, and to agree upon an agenda to be submitted for the approval of the Council. The report of the Working Group in the form of a proposed agenda was completed on 7 February and submitted to the Council for consideration at the first closed session of the Council Conference, at Bangkok, on 23 February 1955.

(TAB A)

During this period, the Department of Defense drafted, and obtained agreement of the International Working Group to the position paper on the organization of the Military Advisers to the Council Members which was adopted by the Council at Bangkok. (TAB B)

Further, during this preliminary phase, the Department of Defense prepared nine position papers for the U.S. Delegation on matters considered of primary Department of Defense interest. (TABS C-K). These were as follows:

Security measures for the Manila Pact Military Advisers

Further Status of the ANZUS Military Representatives

Possible discussion with the British and/or Australians on the defense of the Kra Isthmus.

U.S. Position on the Establishment of a Combined Staff

Initial Meeting of the SEACDT Military Advisers

Intelligence Agreements in SEACDT

U.S. position on the Use of Military Forces to
Suppress Subversive Activities

Combined Commands for Forces of the SEACDT Countries

Military Advisers to the Council of the Manila Pact

The positions outlined in the above papers with the exception of that pertaining to the initial meeting of the SEACDT Council Military Advisers (TAB G), provided adequate guidance to the U.S. Delegation. As a question of tactics, and in order to offset pressures by the Asian signatories for a NATO-type organization, the Defense Representative proposed to the Secretary of State, prior to the first closed session, that the U.S. take the initiative and recommend a meeting of the Military Advisers during the Bangkok Conference. This proposal was accepted by the Secretary of State.

During the second or conference phase, it became obvious that the Asian nations signatory to the Treaty would strive for a U.S. commitment of forces for the defense of the Treaty area. Again as a question of tactics, and in order to provide the assurance that these countries were seeking with respect to U.S. intentions regarding the defense of the Treaty area against Communist aggression, the Defense Representative proposed to the Secretary of State that he clearly outline such U.S. intentions and provide information as to U.S. forces currently stationed in the Far East as a deterrent to Communist aggression. The Secretary of State accepted this proposal and in his remarks at the first closed session of the Conference on 23 February, stated the U.S. intentions so specifically that the anticipated forcing tactics on the part of the Asian nations in relation to this matter did not develop.

All of the Council members, with the exception of Mr. Bonnet of France accepted the Military Adviser's paper with minor revisions. However, the French Delegation took exception to certain terminology used in outlining the functions and responsibilities of the Military Advisers on the basis that this terminology was not easily translatable into French. It subsequently became obvious that the question of semantics was not the primary cause for concern on the part of the French but that they were disturbed over what might be construed by the French Government as a French delegation agreement to force commitments within the scope of the planning responsibilities of the Military Advisers. During the period between the morning and afternoon session, the French and U.S. Delegations, on an ad hoc basis and with Defense representatives of both countries participating, revised the language of the Military Advisers' paper in order to overcome French apprehension. The revised paper was later accepted by all members of the Council and the Military Advisers immediately convened in a separate closed session.

The Military Adviser to the host country, General Jira Vichitsonggram presided but after opening the meeting proposed that he vacate the chair in favor of the Military Adviser of the United Kingdom delegation, Field Marshall Sir John Harding, the senior officer present. With the concurrence of the other Military Advisers, Field Marshall Harding accepted.

As a matter of tactics it had been agreed within the U.S. Delegation that Admiral Stump would, in his opening remarks, demonstrate U.S. sincerity in aiding in the determination of methods for the implementation of the SEACDT by taking the initiative in arranging for an early conference of the Military Adviser's Staff Planners to be followed by an early meeting of the Military Advisers. A copy of Admiral Stump's opening remarks is attached as TAB L.

During this initial meeting of the Military Advisers, agreement was reached on the following matters:

Dates and locations of the first meetings of the Military Advisers and Staff Planners

Agenda for first meetings of Staff Planners and Military Advisers

Responsibility for preparation of position papers

Procedural arrangements

Communique

The Philippine Military Adviser during this initial meeting proposed that a military organization similar to that of NATO be established for coordination of military action within the Treaty Area. However, the Philippine Military Adviser acceded to the unanimous request of the other Military Advisers that this matter be included on the agenda as a matter appropriate for consideration by the Staff Planners at their first meeting.

The second and final meeting of the Military Advisers was held on 25 February and was notable for the same degree of unanimity which existed at the first meeting. A record of decisions reached at this meeting is attached as TAB M.

In conclusion, it is considered that U.S. military objectives were attained during the conference. However, it is further considered that there will be two major factors, with military implications, to contend with in future meetings of the Military Advisers or Staff Planners. They are:

The obvious desire of the Asian nations to establish a NATO-type SEACDT organization with everything that it implies in the nature of force commitments.

The obvious anxiety on the part of the French pertaining to commitments of any type in support of the SEACDT yet their desire to participate in all policy and planning activities.

The Military Staff Planners are scheduled to meet on 25 April 1955 in Manila, and the Military Advisers will meet in the latter part of May in Bangkok.

SENT TO: Amembassy SAIGON PRIORITY 4361
RPT INFO: Amembassy PARIS 3546

Apr 6, 1955

LIMIT DISTRIBUTION

FYI. We have been working on problem of elections in Viet-Nam, in great detail over last several weeks. NSC has asked Department submit policy for consideration by mid-April and we sure that elections will be discussed during proposed U.S.-French talks Washington April 20. The British have offered give us their views on elections prior these talks.

We feel best solution is for us be in position inform French British our views prior talks and believe it best we can put such forward as support of policy of Free Viet-Nam rather than as unilateral U.S. recommendations.

Our proposal is based on Eden's plan put forward at Berlin-Conference for all German elections and has already been approved by France for use Germany and rejected by the Communists. The basic principle is that Free Viet-Nam will insist to the Viet Minh that unless agreement is first reached by the latter's acceptance of the safeguards spelled out, that no repeat no further discussions are possible regarding the type of elections, the issues to be voted on or any other factors.

After we have Diem's general acceptance we can proceed inform UK and France of this plan which we think only formula which ensures both satisfactory response to Geneva Agreement and at same time plan which is unassailable in intent but probably unacceptable to Communists because of provisions for strict compliance to ensure genuinely free elections. END FYI.

C O P Y

892

You should speak to Diem privately regarding elections, without showing him formula outlined next telegram. We are not now attempting secure his approval as such to our position but to assure he understands our viewpoint and accepts it to degree we can proceed with French British on broad assumption Free Viet-Nam's position similar our own.

Believe best way accomplish this is to remind him of his and foreign ministers conversations with Secretary on this subject and to continue that in specific cases of elections in Korea and Germany Free World has stood firm on issue of guarantees of genuine free elections, supervised by body having authority guarantee elements free elections PAREN outlined last paragraph following telegram UNPAREN. In each case Communists have refused accept these safeguards which we think basic and fundamental. We believe unless such guarantees previously agreed upon would be dangerous for Free Viet-Nam be drawn into further discussions of other issues of election. Ask Diem if we can assume our thinking is alike on this point.

Since time exceedingly important, hope we can have affirmative answer soonest.

DULLES

C O P Y

INCOMING TELEGRAM

DEPARTMENT OF STATE

ACTION COPY

Control: 4994

Rec'd: APRIL 9, 1955
1:25 P.M.

FROM: SAIGON

TO: Secretary of State

NO: 4448, APRIL 9, 10 P.M. (SECTION ONE OF FIVE)

FIAC

FOR SECRETARY FROM COLLINS.

DEPARTMENT TELEGRAMS 4411 and 4412.

THIS MESSAGE IN TWO PARTS. PART I FOLLOWS.

PART I. SUCCESSIVE STEPS RECOMMENDED AS FOLLOWS:

1. TRANSFER NATIONAL POLICE AND SURETE FROM BINH XUYEN. TWO POSSIBLE METHODS OF DOING THIS DEPENDING ON WHETHER OBJECTIVE IS TO SAVE FACE FOR DIEM OR BINH XUYEN, POINT ABOUT LATTER BEING TO SECURE THEIR PEACEFUL COOPERATION WITH NEW GOVERNMENT.

A. TO MAKE IT EASIER FOR DIEM TO RESIGN AND PREVENT BINH XUYEN FROM CLAIMING VICTORY IN PRESENT CRISIS, WE WOULD INSIST AS PRIOR CONDITION ON TRANSFER OF POLICE TO GOVERNMENT BY ORDINANCE ISSUED BY DIEM, BUT OPENLY SUPPORTED BY BAO DAI AND POSSIBLY FRENCH AND U.S. PUBLIC SUPPORT BY BAO DAI PROBABLY ESSENTIAL TO AVOID FURTHER BLOODSHED. IN THIS CASE BINH XUYEN MIGHT BE FORCED TO BOW BUT MIGHT TRY TO SABOTAGE NEW GOVERNMENT IN VARIETY OF WAYS. (I SHOULD NOTE THAT FRENCH WILL OPPOSE THIS STEP. ALTHOUGH HE ONCE FAVORED IT, ELY HAS NOW SAID HE COULD NOT AGREE TO IT. FRENCH FEAR BLOODSHED IF BINH XUYEN LOSE CONTROL OF POLICE UNDER DIEM AND BELIEVE NEW PRIME MINISTER SHOULD HAVE POLITICAL ADVANTAGE OF REGAINING CONTROL OF POLICE FOR GOVERNMENT).

B. IN ORDER INDUCE COOPERATION OF BINH XUYEN WITH NEW GOVERNMENT, IT MIGHT BE ADVISABLE TO OFFER BAY VIEN A CHANCE TO SAVE FACE BY HIS "VOLUNTARILY" PROPOSING THAT CONTROL OF POLICE BE TRANSFERRED TO NEW GOVERNMENT. I HAVE JUST HAD CONVERSATION WITH FOREIGN MINISTER DO. WITHOUT INDICATING

-2- 4448 APRIL 9, 10 P.M.(SECTION ONE OF FIVE), FROM SAIGON

OUR POSSIBLE THINKING, I ASKED DO IF HE THOUGHT BAY VIEN MIGHT RELINQUISH POLICE CONTROLS TO ANY NEW GOVERNMENT. DO SAID HE FELT THAT WITH PROPER APPROACH, THIS MIGHT WELL BE POSSIBLE. HE INSISTS IT WOULD NOT BE POSSIBLE FOR DIEM TO ACHIEVE THIS. DO FULLY AGREES THAT ANY NEW GOVERNMENT WOULD HAVE TO TAKE OVER POLICE CONTROLS, BUT FEELS STRONGLY THAT EVERYTHING POSSIBLE SHOULD BE DONE TO SECURE COOPERATION OF BINH XUYEN WITH NEW GOVERNMENT. I BELIEVE THAT IF BAY VIEN WERE CONVINCED AHEAD OF TIME THAT U.S., FRANCE, BAO DAI AND ANY NEW PREMIER WOULD INSIST ON GOVERNMENT TAKING OVER POLICE, HE MIGHT WELL AGREE TO MAKE THIS OFFER HIMSELF. I BELIEVE THIS METHOD PREFERABLE TO 1A ABOVE UNLESS WASHINGTON FEELS DIEM'S PRESTIGE AND PERHAPS OUR OWN MUST BE PROTECTED BY FOLLOWING METHOD 1A.

2. PERSUADE DIEM TO RESIGN, OR IF HE REFUSES, HAVE BAO DAI RELIEVE HIM.

A. BETTER SOLUTION WOULD BE RESIGNATION BY DIEM. IF METHOD 1A ABOVE IS FOLLOWED, DIEM COULD GO OUT SOMEWHAT GRACEFULLY "IN ORDER TO HEAL THE WOUNDS" CAUSED BY RECENT EVENTS. WE COULD POSSIBLY DRAFT A STATEMENT FOR HIM.

B. DISTASTEFUL AS IT WOULD BE TO USE BAO DAI IF DIEM WILL NOT RESIGN, I SEE NO OTHER LEGAL METHOD OF REPLACING HIM.

C. FOR TIMING AS TO NOTIFICATION OF DIEM, SEE PARAGRAPH 3F BELOW.

3. CHOOSE SUCCESSOR TO DIEM AS PRESIDENT OF COUNCIL.

A. I BELIEVE IT IS MOST IMPORTANT TO PLACE ON FRENCH THE ONUS AND RESPONSIBILITY OF DESIGNATING DIEM'S SUCCESSOR. FRENCH ARE ALL TO READY TO PLACE ONUS DIEM'S LACK OF SUCCESS ON U.S. IT WOULD BE PREFERABLE THEREFORE FOR THE HEAD OF NEW GOVERNMENT TO BE PROPOSED BY FRENCH AND CONCURRED IN BY THE U.S. ELY INDICATED THAT HE WOULD FAVOR QUAT, DO OR PERHAPS EVEN EX-DEFENSE MINISTER MINH. HE STIPULATED AS PRIMARY REQUISITE THAT ANY NEW GOVERNMENT MUST AVOID TAINT OF COLONIALISM. HENCE I BELIEVE THAT IF ELY'S ADVICE WERE

- FOLLOWED -

-3- 4448 APRIL 9, 10 P.M. (SECTION ONE OF FIVE), FROM SAIGON

FOLLOWED FRENCH GOVERNMENT WOULD NOT PROPOSE BUU HOI, TAM
OR HUU. OUR OPPOSITION TO THESE MEN HAS BEEN MADE CLEAR TO
FRENCH.

B. SEE MY TELEGRAM 4263 FOR DISCUSSION OF POSSIBLE SUCCESSORS.
OF COURSE, WE WOULD HAVE TO COME TO AGREEMENT WITH THE
FRENCH ON A SUCCESSOR AND I WOULD NOW RECOMMEND EITHER DO
OR QUAT.

KIDDER

LFS/32

INCOMING TELEGRAM

DEPARTMENT OF STATE

ACTION COPY

Control: 5011

Rec'd: APRIL 9, 1955
2:06 PM.

FROM: SAIGON

TO: Secretary of State

NO: 4448, APRIL 9, 10 P.M. (SECTION TWO OF FIVE)

NIACT

FOR SECRETARY FROM COLLINS.

DEPARTMENT TELEGRAMS 4411 AND 4412.

C. AFTER FRANCE AND U.S. HAVE AGREED ON A MAN, BAO DAI'S CONSENT MUST THEN BE OBTAINED. THIS WOULD HAVE TO BE DONE THROUGH PARIS.

D. BAO DAI WOULD THEN SUMMON THE NOMINEE TO PARIS FOR CONSULTATION. IF POSSIBLE, THIS SHOULD BE DONE SECRETLY. IF QUAT WERE THE CHOICE, IT MIGHT BE DONE WITHOUT A LEAK SINCE HE HAS MADE A COUPLE OF TRIPS TO PARIS WITHIN THE PAST YEAR.

E. ASSUMING NOMINEE WOULD ACCEPT TASK OF FORMING GOVERNMENT, HE WOULD HAVE TO RETURN AT ONCE TO SAIGON FOR CONSULTATIONS. THESE CONSULTATIONS SHOULD COMMENCE WITH DISCUSSIONS WITH ELY AND ME, WHO WOULD INFORM HIM AS TO NATURE OF PROGRAMS WHICH U.S. AND FRANCE WOULD SUPPORT. ARMED WITH THIS KNOWLEDGE, HE COULD THEN PROCEED WITH CONVERSATIONS WITH PROSPECTIVE MINISTERS, REPRESENTATIVES OF VARIOUS POLITICAL PARTIES, AND LEADERS OF THE SECTS.

F. I FEEL THAT AS SOON AS NOMINEE HAS ACCEPTED, DIEM SHOULD BE INVITED BY BAO DAI TO RESIGN OR ELSE BE RELIEVED. UNDER NO CIRCUMSTANCES SHOULD DIEM BE TOLD OF PLAN BEFORE FRENCH AND U.S. HAVE APPROACHED BAO DAI AND GAINED HIS ASSENT: TO INFORM HIM COULD GIVE HIM DAMAGING MATERIAL FOR HIS "WHITE PAPER". EFFORT SHOULD BE MADE BY BAO DAI TO HAVE DIEM REMAIN IN OFFICE UNTIL HIS SUCCESSOR IS PREPARED TO TAKE OVER. IF HE SHOULD REFUSE TO DO THIS, WHICH IS WHOLLY POSSIBLE, BAO DAI WOULD THEN HAVE TO DESIGNATE, PREFERABLY FROM PRESENT CABINET, SOMEONE TO ACT AS INTERIM PRESIDENT OF THE COUNCIL. UNQUESTIONABLY, AS SOON AS DIEM RECEIVES

SUCH NOTIFICATION,

PERMANENT
RECORD COPY

-2-4448, APRIL 9, 10 PM. (SECTION TWO OF FIVE), FROM SAIGON

SUCH NOTIFICATION, HE WILL CALL ON ME TO FIND OUT WHAT INFORMATION I HAVE AND PERHAPS TO ASK FOR ADVICE. I WOULD PROPOSE REPLYING THAT I HAD BEEN NOTIFIED BY MY GOVERNMENT OF DECISION OF BAO DAI, AND WOULD SEEK TO PERSUADE DIEM TO REMAIN IN OFFICE UNTIL HIS SUCCESSOR COULD TAKE OVER. WE SHOULD BE WILLING TO ASSIST HIM IN PREPARING A STATEMENT WHICH HE MIGHT ISSUE AS INDICATED IN PARAGRAPH 2A ABOVE.

4. REACH AGREEMENT BETWEEN U.S., FRANCE, AND NEW PRESIDENT ON PROGRAM FOR SOLUTION OF SECT POLITICAL AND MILITARY PROBLEMS. IT IS BELIEVED THAT AN AGREEMENT WOULD HAVE TO BE REACHED BETWEEN ELY, THE NEW PRESIDENT, AND MYSELF, ON A PROGRAM FOR SOLUTION OF THE POLITICAL AND MILITARY PROBLEMS OF THE SECTS. THIS WOULD REQUIRE A PRIOR AGREEMENT BETWEEN FRENCH AND U.S. GOVERNMENTS ALONG THE LINES OF OUR PROPOSALS CONTAINED IN EMBASSY TELEGRAM 4373. THESE PROPOSALS ARE BEING ACTIVELY STUDIED NOW BY GENERAL ELY'S STAFF. WE EXPECT TO COME TO AGREEMENT HERE WITHIN 48 HOURS. APPROVAL WILL STILL BE REQUIRED FROM WASHINGTON, PARTICULARLY AS TO ADDED COSTS WHICH ARE INVOLVED IN THE INDUCTION OF MORE SECT PERSONNEL THAN ORIGINALLY COUNTERTEMPLATED, SEVERANCE PAY FOR SECT PERSONNEL TO BE DEMOBILIZED, AND LARGER AVERAGE STRENGTH OF ARMED FORCES FOR FY 1955, CAUSED BY SLOW-DOWN IN DISCHARGE OF VIETNAMESE ARMY PERSONNEL AS A RESULT OF PRESENT SECT CRISIS.

5. OBTAIN AGREEMENT OF SECTS TO PROPOSED SOLUTION OF THEIR PROBLEMS.

A. NEXT STEP WOULD PROBABLY BE FOR NEW PRESIDENT TO MEET WITH LEADERS OF SECTS AND OBTAIN THEIR AGREEMENT TO SOLUTION ARRIVED AT UNDER PARAGRAPH 4 ABOVE. HE WOULD HAVE TO MAKE CLEAR TO SECTS THAT THIS WAS BEST PROGRAM THEY COULD POSSIBLY OBTAIN AND THAT IT WAS ONLY WAY TO CONTINUE AMERICAN AND FRENCH FINANCIAL AND MORAL SUPPORT, WITHOUT WHICH THE COUNTRY COULD NOT POSSIBLY BE SAVED FROM VIET MINH AND COMMUNISM WHICH SECTS PROFESS TO DETEST.

B. IT IS OUR THOUGHT THAT SECTS WOULD NOT BE INVITED TO PARTICIPATE IN CABINET, EXCEPT FOR POSSIBLY ONE OR TWO MEN, WHO MIGHT BE CHOSEN BECAUSE OF THEIR ABILITY RATHER THAN AS

REPRESENTATIVES

-3- 4448, APRIL 9, 10 P.M. (SECTION TWO OF FIVE), FROM SAIGON

REPRESENTATIVES OF SECTS. IN LIEU OF CABINET PARTICIPATION, SECTS WOULD BE OFFERED POSITIONS OF HONOR IN THE HIGH COUNCIL, WHICH WOULD BE ADVISORY TO THE PRESIDENT. SEE PARAGRAPH 7B BELOW.

C. SOME QUID PRO QUO WILL PROBABLY HAVE TO BE OFFERED SECT LEADERS, PARTICULARLY BAY VIEN, IF LATTER IS TO AGREE "WILLINGLY" TO SURRENDER POLICE POWERS. I UNDERSTAND THAT IN THE PAST BAY VIEN HAS INDICATED THAT HE WOULD LIKE TO BE MINISTER OF INTERIOR OR HAVE ONE OF HIS HENCHMEN IN THIS POSITION. SUCH AN APPOINTMENT WOULD BE FATAL AND IT MUST BE MADE CLEAR TO NEW PRESIDENT THAT UNDER NO CIRCUMSTANCES WOULD WE AGREE TO THIS. IT IS POSSIBLE THAT SINH XUYEN WOULD SETTLE FOR SOME ECONOMIC ASSISTANCE FROM THE GOVERNMENT IN THEIR COMMERCIAL VENTURES. BAY VIEN AND PERHAPS GENERAL SOAI MIGHT CONSENT TO LEAVE THE COUNTRY ON SOME OFFICIAL MISSION IF THEY WERE PERMITTED TO TAKE OUT BULK OF FORTUNES THEY HAVE ACQUIRED.

KIDDER

LFS/39

INCOMING TELEGRAM

ACTION COPY

DEPARTMENT OF STATE

FROM: SAIGON

Control: 5012

Recd: APRIL 9, 1955
2:10 P.M.

TO: Secretary of State

NO: 4448, APRIL 9, 10 P.M. (SECTION THREE OF FIVE)

NIACT

FOR SECRETARY FROM COLLINS.

DEPARTMENT TELEGRAMS 4411 and 4412.

6. FORM NEW CABINET. DURING THIS PERIOD, THE NEW PRESIDENT WILL HAVE BEEN CONSULTING WITH POSSIBLE NEW CABINET MEMBERS. AS QUICKLY AS POSSIBLE, HE SHOULD FORM HIS NEW GOVERNMENT AND ANNOUNCE IT.

7. REORGANIZE GOVERNMENT STRUCTURE.

A. OUR TENTATIVE THINKING ON THIS POINT HAS BEEN COVERED IN SOME DETAIL IN RECENT TELEGRAMS.

B. WE FEEL IT WOULD BE ADVISABLE UNDER CURRENT CONDITIONS FOR PRESIDENT, AFTER CONSULTATION WITH HIS CABINET AND SEPARATELY WITH ELY AND ME, TO APPOINT A "HIGH COUNCIL", CONSISTING OF REPRESENTATIVES OF VARIOUS INTELLECTUAL GROUPS, LABOR, SECTS AND OTHER RELIGIOUS GROUPS, REFUGEES, AND DISTINGUISHED PERSONALITIES SUCH AS FORMER PRESIDENT LONG, MY PERSONAL JUDGMENT IS THAT THIS COUNCIL SHOULD NOT INCLUDE PEOPLE LIKE GENERAL HINH, BUT HOI, TAN OR HUU, THOUGH FRENCH MIGHT INSIST UPON INCLUSION OF SOME SUCH PEOPLE.

C. DIEM HAS INDICATED THAT HE WOULD FAVOR APPOINTMENT OF AN ECONOMIC ADVISORY COUNCIL, INCLUDING SOME FOREIGN EXPERTS. CERTAINLY TECHNICALLY COMPETENT PEOPLE WILL BE NEEDED IN ECONOMIC FIELD, THOUGH THEY COULD BE SUPPLIED TO GOVERNMENT THROUGH FRENCH AND AMERICAN ECONOMIC AID PROGRAMS. HOWEVER, IT MIGHT BE WELL TO HAVE THEM CARRIED OFFICIALLY IN AN ADVISORY COUNCIL.

D. BASED ON OUR EXPERIENCE HERE, I FEEL THAT THERE SHOULD

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BE A VICE

-2- 4448, APRIL 9, 10 P.M. (SECTION THREE OF FIVE), FROM SAIGON.

BE A VICE PRESIDENT WHO CAN BE USED BY THE PRESIDENT AS A GENERAL EXECUTIVE AND TROUBLE SHOOTER TO HANDLE SPECIFIC PROBLEMS AS THEY ARISE. IT MIGHT BE ADVISABLE TO HAVE A SECOND VICE PRESIDENT IN CHARGE OF TWO MINISTRIES OF DEFENSE AND INTERIOR, SINCE FOR THE COMING YEAR THESE MINISTRIES WILL HAVE TO WORK VERY CLOSELY TOGETHER IN PACIFICATION OF COUNTRY AND FERRETING OUT OF VIET MINH AGENTS AND INFLUENCE.

8. ANNOUNCE COMPLETE PROGRAM OF NEW GOVERNMENT. THIS ANNOUNCEMENT SHOULD INCLUDE:

A. THE PLAN OF REORGANIZATION OF GOVERNMENT.

B. THE BROAD PROGRAM OF SOCIAL, ECONOMIC AND MILITARY REFORMS EMBODIED IN THE ELY/COLLINS SEVEN-POINT PROGRAM. SEE EMBASSY TELEGRAM 2004.

C. THE DETAILED PLAN FOR THE POLITICAL AND MILITARY INTEGRATION OF THE SECTS IN THE NATIONAL LIFE. SEE EMBASSY TELEGRAM 4373.

9. ELECT AND CONVOKE PROVISIONAL NATIONAL ASSEMBLY.

A. THE NECESSARY ORDINANCES TO ESTABLISH THE PROVISIONAL NATIONAL ASSEMBLY HAVE ALREADY BEEN PUBLISHED AND MAY 15 HAS BEEN ANNOUNCED AS DATE FOR ELECTION OF THOSE MEMBERS WHO ARE TO BE ELECTED BY VILLAGE AND OTHER COUNCILS.

B. THE ASSEMBLY SHOULD MEET AS PROMPTLY THEREAFTER AS POSSIBLE. ITS TWO MOST IMPORTANT TASKS SHOULD BE REVIEW OF NATIONAL BUDGET AND DESIGNATION OF A SPECIAL COMMITTEE TO DRAFT PLANS FOR A CONSTITUENT ASSEMBLY.

PART II.

PARAGRAPHS ARE NUMBERED AS IN DEPARTMENT TELEGRAM 4412

1. I BELIEVE FRENCH WOULD DO ALL POSSIBLE REMAIN ALOOF FROM ANY MILITARY ACTION DIEM MIGHT UNDERTAKE AGAINST BINH XUYEN

BUT WOULD

-3- 4448, APRIL 9, 10 P.M. (SECTION THREE OF FIVE), FROM SAIGON

BUT WOULD OFFER GOOD OFFICES TO END OR MINIMIZE ANY CONFLICT.
FRENCH WOULD CERTAINLY DO ALL POSSIBLE IN SAIGON TO PROTECT
OWN NATIONALS AND FOREIGNERS AND PROPERTY OF BOTH FROM
HARM, INCLUDING PUBLIC UTILITIES.

KIDDER

LFS/32

Control: 5013
Redd: APRIL 9, 1955
2:19 PM

FROM: SAIGON

TO: Secretary of State

NO: 4448, APRIL 9, 10 PM (SECTION FOUR OF FIVE)

NIACT

FOR SECRETARY FROM COLLINS.

DEPARTMENT TELEGRAMS 4411 and 4412.

2. OWING HIS SPECIAL SENSE OF MISSION, DIEM WILL PROBABLY PUT UP WHATEVER RESISTANCE HE CAN TO BEING REMOVED, BUT I DOUBT HE WILL FIND SUBSTANTIAL SUPPORT IN ANY QUARTER. IN THE END HE WILL PROBABLY RETIRE IN OUTRAGE FROM SCENE AND VOICE HIS PROTESTS AGAINST BAO DAI, FRANCE AND U.S. IN SOME KIND OF "WHITE PAPER".

A. CERTAIN VIETNAMESE NATIONALISTS WOULD SEIZE ON DIEM'S REMOVAL TO FAN ANTI-FRENCH SENTIMENT, BUT I DO NOT BELIEVE DIEM'S REMOVAL WOULD RESULT IN POPULAR VIOLENCE AGAINST FRANCE EXCEPT POSSIBLY SPORADIC INDIVIDUAL INCIDENTS.

B. I BELIEVE DIEM WOULD ULTIMATELY ACCEPT REMOVAL AS STATED PARAGRAPH 2 ABOVE. I THINK HE IS TRUE PATRIOT AND WOULD NOT TRY SABOTAGE CONSTRUCTIVE PROGRAM OF NEW GOVERNMENT. I DO NOT AGREE THAT HE STILL HAS "CONSIDERABLE POWER" EXCEPT SUPPORT OF FRANCE AND U.S. I HAVE TRIED TO CONVEY TO DEPARTMENT HOW SLENDER BASIS OF DIEM'S PRESENT SUPPORT NOW IS. IF FRANCE AND U.S. SUPPORT IS WITHDRAWN, DIEM WILL BE HARD PRESSED TO MUSTER ANY ALLIES, AND FEW IF ANY OF THESE ARE LIKELY TO RESORT TO VIOLENCE IN HIS SUPPORT.

3. NATIONAL ARMY LOYALTY, WHICH DIEM DOES NOT FULLY COMMAND, IS NOT COMPLETELY TRANSFERRABLE TO ANY INDIVIDUAL. I BELIEVE, HOWEVER, ARMY LOYALTY COULD BE SECURED BY NEW GOVERNMENT MORE BROADLY BASED, NOT RIVEN BY POLITICAL JEALOUSIES AND CRISES LIKE DIEM REGIME, AND FULLY BACKED BY FRANCE AND U.S. HOWEVER, THERE MAY BE INDIVIDUAL BATTALION COMMANDERS IN CENTER VIET NAM WHO MIGHT LEAD GROUPS OF MEN

TO DEFECT.

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-2- 4448, APRIL 9, 10 P.M. (SECTION 4 OF 5) FROM SAIGON

TO DEFECT. SUCH INCIDENTS WOULD HAVE VERY LIMITED EFFECT ON BULK OF ARMY. IT SHOULD BE SAID HERE THAT UNDER NO CIRCUMSTANCES SHOULD GENERAL MINH BE ALLOWED RETURN TO VIET NAM NOW. HE RETAINS CONSIDERABLE INFLUENCE IN ARMY AND COULD BECOME ONCE AGAIN MAJOR DISRUPTIVE INFLUENCE.

4. COMPILATION OF ASSETS OF STRENGTH DIEM MAY HAVE IS DIFFICULT TO MAKE. WITH RESPECT TO POLITICAL FOLLOWING IN CENTER VIET NAM, THIS HAS BEEN FALLING OFF PARTLY AS RESULT OF POLITICAL ACTIVITIES OF DIEM'S BROTHER NGO DINH CAN, AND OPPOSITION HAS TAKEN FORM FOR EXAMPLE OF RECENT INCIDENTS AT BA LANG. THERE IS NO PROPER GRASS ROOTS SUPPORT OF ANY LEADER IN VIET NAM, LEAVING ASIDE HO CHI MINH. DIEM'S VIRTUES AS ANTI-FRENCH LEADER HAVE BEEN TARNISHED BY HIS DEPENDENCE ON HIS BROTHERS WHICH HAS LED TO QUITE GENERAL FEELING THAT A NGO FAMILY DICTATORSHIP IS IN EFFECT BEING ESTABLISHED. FEW NATIONALISTS OUTSIDE HIS FAMILY AND IMMEDIATE ENTourage WOULD LIFT A FINGER IN DIEM'S DEFENSE. HOW GREAT HIS FOLLOWING IS IN CATHOLIC COMMUNITY IS HARD TO SAY. DIEM HIMSELF CLAIMS HIS SUPPORT IN CENTER, FOR EXAMPLE, COMES LARGELY FROM NON-CATHOLICS. IN ANY EVENT CATHOLIC COMMUNITY IS NOT POLITICALLY ORGANIZED AND REPRESENTS LESS THAN 10 PERCENT OF POPULATION. CERTAINLY MANY REFUGEES FROM NORTH WERE ATTRACTED BY FACT CATHOLIC HEADS GOVERNMENT OF SOUTH, BUT POLITICAL AND PHYSICAL STRENGTH OF REFUGEES IS ONLY A POTENTIAL FOR EXPLOITATION AT A LATER DATE. IN NATIONAL ARMY, SCARCELY ANY LEADERS ARE ENTIRELY PRO-DIEM, EVEN CHIEF OF STAFF TY; SOME ARE HOSTILE, AND THE MAJORITY ARE PROBABLY NO MORE THAN LUKE-WARM. I BELIEVE THERE IS NO REASON TO ANTICIPATE SERIOUS ADVERSE REACTION IN ARMY AT LARGE IF DIEM IS REMOVED THROUGH ORDERLY PROCESSES.

5. VIET MINH REACTION TO DIEM'S REMOVAL WOULD UNDOUBTEDLY BE TO EFFECT THAT FREE WORLD HAD SUFFERED DAMAGING SETBACK. APART FROM STEPPED-UP PROPAGANDA CAMPAIGN AND PUBLIC GLOATING OVER DEFEAT OF AN ENEMY, I DO NOT BELIEVE VIET MINH REACTION WOULD BE DANGEROUS. IN OTHER WORDS, I DO NOT ANTICIPATE VIET MINH WOULD ATTEMPT TAKE MILITARY ADVANTAGE OF DIEM'S REMOVAL. HOWEVER, VIET MINH, PLAYING MANY ANGLES AS USUAL, MIGHT ATTEMPT BUILD UP ANTI-FRENCH AND ANTI-U.S. SENTIMENT, CHARGING OVERTHROW OF NATIONALIST GOVERNMENT TO FRENCH AND U.S. "IMPERIALISTS."

KIDDER

FROM: SAIGON

Control: 5014

Rec'd: April 9, 1955

2:27 P.M.

TO: Secretary of State

NO: 4448, APRIL 9, 10 P.M. (SECTION FIVE OF FIVE)

NIACT

FOR SECRETARY FROM COLLINS.

DEPARTMENT TELEGRAMS 4411 and 4412.

6. IT WOULD BE PREFERABLE TO MAKE CHANGE AFTER BANDUNG IN ORDER AVOID GIVING VIET MINH PROPAGANDA ADVANTAGE FOR EXPLOITATION AT CONFERENCE. HOWEVER, SINCE DIEM IS STILL THREATENING TO TAKE INDEPENDENT ACTION TO REMOVE SANG AFTER EASTER WEEKEND, OVER STRONG FRENCH OBJECTIONS, IT MAY BE DESIRABLE EFFECT CHANGE AS SOON AS U.S. AND FRENCH HAVE REACHED AGREEMENT ON CASE TO BE PRESENTED TO BAO DAI. WHILE I RECOGNIZE DIFFICULTIES THIS CRISIS CREATES FOR U.S. IN VIEW OF OUR WELL-KNOWN ASSOCIATION WITH DIEM, I FEAR CONTINUED DELAY WILL LEAD TO EVEN GRAVER PROBLEMS OF DETERIORATING FRENCH-U.S. COOPERATION IN VIET NAM, INTENSIFICATION OF CIVIL DISORDERS CULMINATING, POSSIBLY, IN CIVIL WAR, AND NOT IMPROBABLE ULTIMATE LOSS OF ALL VIETNAM TO VIET MINH. THIS EVENTUALITY WOULD BE DAMAGING NOT ONLY TO U.S. PRESTIGE BUT, MORE IMPORTANTLY I AM CONVINCED, TO U.S. SECURITY. MECHANICS OF POSSIBLE CHANGE OF GOVERNMENT ARE DISCUSSED IN PART I ABOVE.

7. OUR AGREEMENT TO REPLACEMENT OF DIEM ADMITTEDLY WILL BE DIFFICULT TO EXPLAIN TO AMERICAN AND WORLD PRESS. I WOULD SUGGEST SOMETHING ALONG FOLLOWING LINES:

A. DIEM HAD MADE A GREAT CONTRIBUTION TO HIS COUNTRY AT A TIME WHEN HIS PARTICULAR QUALITIES WERE MOST VALUABLE. HE MAINTAINED CALM AFTER GENEVA, CONTRIBUTED TO EXODUS OF REFUGEES FROM NORTH WITH ITS GREAT PSYCHOLOGICAL IMPACT, SUCCESSFULLY MUSTERED WORLD OPINION IN SUPPORT OF AID TO THESE REFUGEES AND WITH SUPPORT OF FRANCE AND U.S. DEVELOPED SOUND AND PROGRESSIVE SOCIAL, POLITICAL, ECONOMIC AND MILITARY

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-2- 4448, APRIL 9, 10P.M. (SECTION FIVE OF FIVE), FROM SAIGON

REFORMS FOR HIS COUNTRY.

B. PERHAPS IT WAS INEVITABLE THAT IMPLEMENTATION OF THESE PROGRAMS WOULD DEVELOP DEVISIVE INFLUENCES AMONG THE PEOPLE OF VIETNAM, WHO HAVE ONLY RECENTLY GAINED THEIR INDEPENDENCE. THEY HAVE HAD LITTLE EXPERIENCE IN MEETING THE COMPLEX PROBLEMS WHICH THEY FACE, SUCH AS RECONCILING DIFFERENT INTERESTS OF SECTS AND VARIOUS REGIONS OF THE COUNTRY. THIS HAS RESULTED IN CLASHES OF PERSONALITY, WHICH HAD MUCH TO DO WITH THE CURRENT CRISIS, INVOLVING THE "UNIFIED FRONT" ORGANIZATION. RESULTANT BLOODSHED, EVEN THOUGH NOT EXTENSIVE, HAS CREATED DEEP WOUNDS WHICH WILL BE DIFFICULT FOR PRESENT GOVERNMENT TO HEAL.

C. DIEM WAS UNABLE OR UNWILLING TO TAKE INTO HIS GOVERNMENT MEMBERS OF VARIOUS OPPOSITION PARTIES. ONLY WITH BROAD SUPPORT CAN THE PROGRESSIVE PROGRAMS DEVELOPED BY DIEM BE MADE EFFECTIVE. THE NEW GOVERNMENT IS HEADED BY A MAN WHO HAS HAD EXPERIENCE IN GOVERNMENT AND WHOSE PERSONALITY IS SUCH THAT HE SHOULD BE ABLE TO GET OTHER STRONG MEN TO WORK WITH HIM. HE HAS ADOPTED THE SAME BASIC PROGRAMS WHICH DIEM INITIATED AND WHICH HAVE THE FULL SUPPORT OF BOTH U.S. AND FRANCE. DECISION AS TO WHO SHOULD HEAD GOVERNMENT OF VIETNAM IS, OF COURSE, ONE TO BE MADE BY THE VIETNAMESE PEOPLE UNDER THEIR OWN SYSTEM. WHILE CHANGE IN PRESIDENCY INVOLVES TEMPORARY LOSS TO VIETNAM OF A GREAT NATIONALIST LEADER, IT DOES NOT IN ANY SENSE MEAN A CHANGE IN THE POLICIES OF HIS GOVERNMENT WHICH HAVE DRAWN U.S. SUPPORT. WITH THIS SUPPORT AND THE COOPERATION OF ALL ELEMENTS OF VIETNAM, THE COUNTRY CAN BE SAVED FROM COMMUNISM.

KIDDER

LFS/32

Note: Read by Mr. Yound (PSA) 2:30 p.m. 4/9/55 FMH

SENT TO: Ambassador SAIGON NIACT 4438

Apr 9 1955

EYES ONLY AMBASSADOR FROM SECRETARY

Have this morning discussed situation with highest authority. We are disposed to back whatever your final decision is but before you actually finalize we want to be sure you have weighed all of the factors which concern us here.

We feel that what has happened does not reveal anything new about Diem but rather a basic and dangerous misunderstanding as between France and the U.S.

We have always known the qualities which Diem possesses and those which he lacks. Nevertheless our two countries agreed to support him in default of anyone possessing better qualifications. The only alternatives now suggested are the same persons who were regarded as unacceptable substitutes some months ago.

What has happened is that whereas the United States has been proceeding on the assumption that Diem would be backed as against any who might challenge him assuming that he had the capability, apparently the French have given their support only on the assumption that the Binh Xuyen would also be supported on an autonomous authority and that when they challenged Diem he would not be allowed to use force to assert his authority over it.

We can appreciate the reluctance of the French to see force used but if it cannot be used then what is the point of our supporting at great cost the national army which I thought it had been agreed was primarily to be an army for domestic security rather than an army to fight external aggression.

U.S. recognizes that Cao Dai and even the Hoa Hao are genuine sects with cultural religious and political roots which cannot be forcibly torn up without grave consequences which should be avoided but we do not believe that any central government can exist as more than a figurehead if it does not have control over the national police and if this control is farmed out to a gang which exploits its privileges to protect vice on a vastly profitable scale and which exists by virtue of the backing of the self-exiled Bao Dai and the French.

We cannot see that replacement of Diem by any persons you mentioned will of itself correct this situation and indeed we have had the impression that Quat was less acceptable to the sects than is Diem.

There are two other factors to be borne in mind.

One is that it is widely known that Diem has so far existed by reason of U.S. support despite French reluctance. If, however, when the showdown comes the French view prevails then that will gravely weaken our influence for the future both in Vietnam and elsewhere. Removal of Diem under these circumstances may well be interpreted in Vietnam and Asia as example of U.S. paying lip service to nationalist cause and then forsaking true nationalist leader when QUOTE colonial interests UNQUOTE put enough pressure on us. The French constantly assert that the U.S. has a primary responsibility in this part of the world but it is difficult to have responsibility without authority. In essence, will not the ouster of Diem on the present conditions mean that from now on we will be merely paying the bill and the French will be calling the tune. Any successor of Diem will clearly know where the real authority lies.

C O P Y

The second factor is that there will be very strong opposition in the Congress to supporting the situation in Indochina generally and Vietnam in particular if Diem is replaced under existing circumstances. We do not say that this opposition may not in the last instance be overcome, particularly if you personally can make a case before the Congressional committees but Mansfield who is looked upon with great respect by his colleagues with reference to this matter, is adamantly opposed to abandonment of Diem under present conditions. I wonder whether there is not some intermediate solution between the present extremes now discussed and that Diem can be allowed to regain his damaged prestige by an assertion of authority over the Binh Xuyen and at the same time other elements be brought into the government under conditions which will assure a real delegation of authority.

I feel that as with most Orientals Diem must be highly suspicious of what is going on about him and that this suspicion exaggerates his natural disposition to be secretive and untrustful. If he ever really felt that the French and ourselves were solidly behind him might he not really broaden his government? We must I think have some sympathy for his predicament as he is constantly called QUOTE the Diem experiment UNQUOTE.

In conclusion I want to reaffirm the very great confidence which we all have in you and in your judgment. You have done and are doing a wonderful job in the face of tremendous difficulties.

Your 4448 has just arrived in Department but is not yet decoded. We will comment on it in subsequent telegram.

DULLES

C O P Y

INCOMING TELEGRAM

DEPARTMENT OF STATE

ACTION COPY

Control: 5026
Rec'd: APRIL 9, 1955
3:52 PM

FROM: PARIS

TO: Secretary of State

NO: 4396, APRIL 9, 5 PM (SECTION THREE OF FOUR)

PRIORITY

DIEM'S FAULTY HANDLING OF THE PROBLEM HAS NOW RESULTED IN THE BINH XUYEN BECOMING A MAJOR FORCE, THE HANDLING OF WHICH IS OUT OF HAND, RATHER THAN A MINOR ONE WHICH COULD HAVE BEEN USED IN THE COMMON EFFORT IF DIEM HAD NOT BUNGLED MATTERS. BAO DAI NOW BELIEVES THAT THE BINH XUYEN MUST GO EVENTUALLY BUT THAT THERE IS NO POSSIBLE MEANS OF REMOVING THEM FROM THE SCENE UNDER THE STRESS OF THE PRESENT CRISIS BY SIMPLY ISSUING A DECREE TO THAT EFFECT. THE DECREE WOULD BE IGNORED AND BAO DAI'S AUTHORITY LOST. DIEM HAD BEGGED FOR FULL POWERS AND HAD TOLD BAO DAI THAT IT WAS WHAT THE UNITED STATES WANTED HIM TO HAVE. BAO DAI HAD GRANTED THEM AGAINST HIS ADVISORS. NOW DIEM IS INCAPABLE OF GOVERNING EVEN WITH THESE POWERS AND WISHES BAO DAI TO DO SO FOR HIM BY DECREE. IF BAO DAI WERE TO DO SO, HE WOULD BE EXPENDING HIS AUTHORITY FOR A CAUSE WHICH IS ALREADY LOST, WHICH HE IS UNWILLING TO DO. DIEM HAS NOT THE MILITARY OR POLITICAL STRENGTH TO CARRY OUT HIS ORDERS BY FORCE, AND IF HE ATTEMPTS TO SUPPRESS THE BINH XUYEN IN THAT MANNER, IT WILL LEAD TO CIVIL WAR WHICH WOULD IN BAO DAI'S OPINION RESULT IN FREE VIETNAM PASSING UNDER VIET MINH CONTROL IN SHORT ORDER. EVEN IF IT WERE POSSIBLE TO BACK THE GOVERNMENT TO THE EXTENT OF FORCING THE BINH XUYEN OUT OF THE SAIGON POLICE (PRESUMABLY WITH OUTSIDE AID FROM THE FRENCH OR THE UNITED STATES), IT WOULD RESULT IN DIEM BECOMING "EMPEROR OF SAIGON" AND WITH THE REST OF THE COUNTRY UNDER CONTROL OF LOCAL SECT TROOPS AND, EVENTUALLY, OF THE VIET MINH. DE QUOTED BAO DAI'S SOURCES IN SAIGON AS REPORTING DIEM'S STRENGTH AS A "MOCKERY".

AFTER THIS PROLONGED EXPOSE, WE ASKED DE WHAT BAO DAI THOUGHT SHOULD BE DONE. HE REPLIED THAT THE UNITED STATES GOVERNMENT SHOULD ARRIVE AT AN IMMEDIATE AGREEMENT WITH THE FRENCH TO CREATE SOME FORM OF GOVERNING BODY WHICH COULD TAKE OVER

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THE EXECUTIVE

-2- 4396, APRIL 9, 5 PM (SECTION THREE OF FOUR), FROM PARIS

THE EXECUTIVE ROLE OF GOVERNING THE COUNTRY BEFORE IT IS TOO LATE. WE ASKED HIM TO BE MORE PRECISE AND HE STATED THAT HE HAD IN MIND A FORM OF "SUPREME COUNCIL" OR "COUNCIL OF ELDERS" WHICH WOULD SERVE AS A GOVERNING BODY. IT WOULD FUNCTION UNDER BAO DAI'S OVERALL DIRECTION AS CHIEF OF STATE, BUT WOULD ENJOY THE SAME POWERS NOW ENJOYED BY DIEM. BAO DAI'S CHIEF FUNCTION WOULD BE THAT OF "SUPREME ARBITRATOR". THE COUNCIL WOULD HAVE TO INCLUDE, IF IT WERE TO BE EFFECTIVE, REPRESENTATION OF ALL (ALL) FACTIONS IN VIETNAM INCLUDING THE CATHOLICS WHO MIGHT DECIDE THAT DIEM IS THE BEST QUALIFIED MAN TO REPRESENT THEM. WE ASKED WHETHER IT WAS THOUGHT THAT THE COUNCIL WOULD REPLACE THE GOVERNMENT OR SIMPLY ACT IN CONJUNCTION WITH IT AND DE SAID THAT FOR THE MOMENT HE THOUGHT THAT BAO DAI'S THOUGHTS WERE ALONG THE LATTER LINES BUT THAT WOULD HAVE TO BE WORKED OUT. THE ONE RESTRICTION OF MEMBERSHIP IN THE COUNCIL SHOULD BE THAT ALL ITS MEMBERS BE ANTI-COMMUNIST.

WE ASKED WHETHER BAO DAI HAD ANY VIEWS ON RETURNING TO VIETNAM AND WERE TOLD THAT HE HAD NONE FOR THE MOMENT BUT WAS PREPARED TO DO ANYTHING THAT WE AND THE FRENCH FELT WOULD HELP TOWARD A SOLUTION TO THE CRISIS. DE STATED THAT BAO DAI HAD WANTED TO RETURN MANY TIMES DURING RECENT MONTHS WHEN IT BECAME MORE AND MORE CLEAR THAT DIEM WAS INCAPABLE OF GOVERNING BUT THAT HE HAD BEEN PREVENTED FROM DOING SO BY DIEM HIMSELF WHO ARGUED THAT THE UNITED STATES WAS OPPOSED TO BAO DAI'S RETURN AND THAT IT WOULD BE INADVISABLE FOR HIM TO COME BACK FOR THERE WAS GREAT OPPOSITION TO HIM IN VIETNAM AND THAT HE, DIEM, WAS "PRESERVING BAO DAI'S INTEREST". BAO DAI WAS NOT IMPRESSED BY ANY OF THESE ARGUMENTS EXCEPT THAT THE UNITED STATES DID NOT WISH HIM TO RETURN, WHICH WAS CONFIRMED TO HIM BY LA CHAMBRE. HE HAD NOT PRESSED THE ISSUE BECAUSE HE FELT THAT, AS IN THE HINH CASE, HE MIGHT ACTUALLY WIELD MORE INFLUENCE FROM AFAR WHERE HE WAS REMOVED FROM PETTY LOCAL SQUABBLES AND COULD EXERCISE HIS AUTHORITY FOR THE BENEFIT OF THE NATIONAL GOVERNMENT AS HE HAD IN THE HINH CASE.

DILLON

AB/32

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Note: Read by Mr. Young (PSA) 7:45 p.m. 4/9/55 CWO-JRL

Control: 10492
Rec'd: APRIL 19, 1955
10:57 PM

FROM: SAIGON

TO: Secretary of State

NO: 4661, APRIL 19, 11 PM (SECTION TWO OF THREE)

PRIORITY

SENT DEPARTMENT 4661, REPEATED INFORMATION PRIORITY PARIS 1207

FOR SECRETARY FROM COLLINS

PARIS FOR AMBASSADOR

LIMIT DISTRIBUTION.

6. ELY REPEATED HIS BELIEF THAT PAST SUPPORT FOR DIEM HAD NOT BEEN AN ERROR. HE SAID THAT WE MUST NOW ENVISAGE CHANGING PRIME MINISTER BUT NOT REPEAT NOT POLICY. THIS, HE SAID, CORRESPONDS TO WISHES OF VIETNAMESE PEOPLE. I ASKED ELY HOW HE COULD PROVE SUCH IS WILL OF VIETNAMESE PEOPLE IN ABSENCE OF ANY ASSEMBLY. STATEMENT CAN ONLY REPRESENT ELY'S ESTIMATE. HE REPLIED IT IS OBVIOUS THAT PEOPLE WISH TO BE RID OF DIEM. I REPLIED DIEM COULD CHALLENGE STATEMENT AND, IN ANY CASE, NO ONE WAS IN POSITION TO PROVE VIETNAMESE PEOPLE WISHED TO BE RID OF DIEM. ELY SAID PRESENT CRISIS ITSELF WAS EVIDENCE. I REPLIED THAT CRISIS HAD BEEN CAUSED BY SECT MINORITY LOOKING AFTER OWN SELFISH INTERESTS. SAME GOVERNMENTAL PROGRAM UNDER ANOTHER PRIME MINISTER WOULD INEVITABLY HAVE LED TO OPPOSITION FROM SECTS. ELY SAID THAT IF SUCH OTHER PRIME MINISTER HAD BEEN SIMILAR TO DIEM HE WOULD AGREE, BUT DIEM HAD HANDLED SITUATION VERY BADLY, AND EVEN HIS OWN RELATIVES, DO AND THOAI, NO LONGER BELIEVED IN HIM.

7. I TOLD ELY HE AND I WERE FOREIGNERS HERE AND EVEN BAO DAI WAS TO SOME EXTENT FOREIGN. NONE OF US COULD SAY WHETHER VIETNAMESE PEOPLE WERE UNITED AS TO CHOICE OF ANY SUCCESSOR TO DIEM. WITHOUT PARLIAMENT, IT CANNOT BE PROVED TO U.S. PUBLIC AND PRESS OPINION THAT DIEM IS NO LONGER WANTED. IF DIEM WAS REMOVED IN ABSENCE OF SOME REPRESENTATIVE BODY, I COULD NOT PREDICT U.S. CONGRESSIONAL REACTION. THEREFORE,

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912

-2- 4661, APRIL 19, 11 PM (SECTION TWO OF THREE) FROM SAIGON.

I URGED ELY NOT DISCOUNT SOLUTION UNLESS VIETNAMESE THEMSELVES REJECT IT. ELY REPEATED THAT DIEM REMAINS IN POWER ONLY BY OUR INTERVENTION. I SAID IF HIS ANALYSIS WAS CORRECT, AN ASSEMBLY WOULD VOTE DIEM OUT, AND IF AN ASSEMBLY DID SO, I BELIEVED U.S. WOULD ACCEPT DECISION. ELY SAID HE KNEW HE COULD NOT PROVE HIS STATEMENT, BUT HE BELIEVED THAT TO MAINTAIN DIEM AGAINST POPULAR WILL WOULD BE TO DIMINISH VALIDITY OF EXPRESSION OF POPULAR WILL WHEN ELECTIONS BECOME POSSIBLE. I SAID THAT, ON CONTRARY, MODIFIED THOAI PROPOSAL WOULD WORK ONLY IF ACCEPTED BY CONSIDERABLE BODY OF VIETNAMESE OPINION. (#) BAO DAI IS FRANCO-U.S. CHOICE. I SAID I DID NOT KNOW WHETHER PROPOSAL WOULD WORK, THAT I INTENDED TO HAVE FURTHER CONSULTATIONS TODAY AND ONLY ASKED ELY NOT TO PREJUDGE OUTCOME. ELY SAID THAT, IN HIS VIEW, NO SOLUTION COULD APPEAR TO BE MORE MARKED AS FRANCO-U.S. SOLUTION THAN MAINTENANCE OF DIEM. I SAID I COULD NOT AGREE WITH THIS SINCE PLAN WOULD NOT WORK UNLESS GOOD MANY VIETNAMESE AGREED TO IT.

8. ELY SAID THAT HE MUST MARK THIS AS A POINT OF DISAGREEMENT BETWEEN US SINCE IF PLAN DID WORK IT WOULD BE BECAUSE OF MY PUTTING PRESSURE ON VIETNAMESE. I AGREED THAT THOAI PROPOSAL, AS MODIFIED, WOULD WORK ONLY IF U.S. AND FRANCE BACKED IT, AND IF THE BASIC ELEMENTS WERE AGREED TO BY DIEM, DO, QUAT ET AL AND BY BINH XUYEN. I REMINDED HIM WASHINGTON HAD NOT YET AGREED TO WITHDRAW SUPPORT FROM DIEM, AND THAT IF IT DID AGREE TO WITHDRAW SUPPORT, SUCH WITHDRAWAL WOULD BE VERY HARD FOR SECRETARY AND ME TO EXPLAIN TO AMERICAN PEOPLE. ELY SAID HE WAS UNABLE TO SEE HOW ANYONE WAS JUSTIFIED IN MAINTAINING DIEM IN OFFICE AGAINST BEST JUDGMENT OF PEOPLE ON THE SPOT. WITH RESPECT TO POSSIBLE WORKING OUT OF PROPOSAL, I TOLD ELY MY GUESS WOULD BE THAT PROVISIONAL ASSEMBLY WOULD VOTE DIEM OUT OF OFFICE UNLESS HE HAD BEEN BROUGHT TO CHANGE HIS METHODS OF OPERATION. ELY SAID THIS WAS A DIFFERENCE OF POINT OF VIEW BETWEEN US, EXPLAINED BY FACT THAT HE HAS SPECIAL RESPONSIBILITIES WITH RESPECT TO CRISIS WHICH HE FEELS CANNOT BE SOLVED AS LONG AS DIEM IS IN OFFICE. HE SAID SITUATION IS GETTING WORSE DAILY, AND HE ATTRIBUTES THIS WHOLLY TO DIEM'S INFLUENCE. SITUATION IS WORSENING IN THE CENTER, AND UNDERGROUND IS GROWING. ONLY BY SURGERY, THAT IS REMOVAL OF DIEM, CAN COUNTRY BE SAVED. I SAID I DID NOT

BELIEVE

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-2- 4661, APRIL 19, 11 P.M. (SECTION THREE OF THREE) FROM SAIGON

HAD NO CONNECTION WITH OUR PROBLEM HERE. I SAID THAT, ON CONTRARY, IN WASHINGTON VIEW THERE IS INTIMATE CONNECTION. VAN LAETHAM SAID FRENCH UNDERSTAND OUR PROBLEM WITH RESPECT TO PUBLIC OPINION, BUT THEY HAVE THEIR OWN PUBLIC OPINION PROBLEM, AND FRENCH GOVERNMENT HAD TO ATTEMPT TO PRESERVE SOMETHING IN NORTH. THAT DID NOT MEAN, HOWEVER, THAT GOVERNMENT WAS PLAYING DOUBLE GAME. I AGAIN SUGGESTED THAT SHOULD BE MADE CLEAR TO WASHINGTON.

12. ELY SAID THAT IF DIEM MUST BE RETAINED AS PRIME MINISTER, HE FELT HE COULD NOT CONTINUE TO BE RESPONSIBLE FRENCH REPRESENTATIVE IN VIETNAM.

13. TO SUMMARIZE ELY'S POSITION, I SAID WITH RESPECT TO MODIFIED THOAI PROPOSAL HE MADE THREE MAJOR POINTS:

(A) ELY SAID HE THOUGHT IT WOULD NOT WORK AND WOULD BE INTERPRETED AS A SOLUTION IMPOSED FROM WITHOUT.

(B) ELY DOES NOT BELIEVE SITUATION COULD BE HELD IN BALANCE FOR SIX WEEKS.

(C) IT APPEARED ELY FELT THAT IF CONDITIONS PREREQUISITE TO IMPLEMENTING MODIFIED THOAI PROPOSAL WERE MET, HE WOULD STILL FEEL HE COULD NOT REPEAT NOT REMAIN HERE OR CONTINUE TO ACCEPT RESPONSIBILITY DURING NEXT SIX WEEKS. I HAD UNDERSTOOD ELY TO SAY HE COULD NOT REMAIN IF DIEM REMAINED PERMANENTLY IN POWER. I WISHED TO KNOW WHETHER THAT STRICTURE APPLIED ALSO TO PROVISIONAL SOLUTION.

14. ELY SAID HE DID NOT BELIEVE IN SOLUTION, THAT HE DID NOT THINK IT VALID; THAT HE FELT THAT NEW CRISIS WOULD BE UPON US IN THREE WEEKS, AND THAT WE WOULD LOSE OUR LAST CHANCE TO SAVE VIETNAM. I SAID IT APPEARED CLEAR ELY WOULD NOT ACCEPT SOLUTION. IN THAT CASE, IT COULD OBVIOUSLY NOT WORK, ESPECIALLY SINCE THERE COULD BE NO QUESTION OF REPLACING ELY AT THIS POINT.

15. I SUGGESTED THAT I REPORT LATER APRIL 19 MY CONSULTATIONS WITH DO, QUAT, ET AL, AND WITH DIEM. I SAID TO ELY I DID NOT KNOW WHAT WOULD BE OUTCOME OF MY TRIP TO WASHINGTON.

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FROM: SAIGON

TO: Secretary of State

NO: 4662, APRIL 19, 11 P.M.

PRIORITY

SENT DEPARTMENT 4662, REPEATED INFORMATION PRIORITY PARIS 1298

PARIS FOR AMBASSADOR

FOR THE SECRETARY FROM COLLINS

LIMIT DISTRIBUTION.

1. I MET WITH DO, QUAT, MINH AND TRAN VAN VAN 1 APRIL
19 TO REVIEW WITH THEM THEIR REACTIONS TO MODIFI 10AI
PROPOSAL. I WENT OVER EACH STEP CAREFULLY, SO T THERE
WOULD BE NO MISUNDERSTANDING AS TO MY MEANING.

2. MINH'S REACTION WAS THAT SITUATION WAS NOT MUCH WORSE
THAN IN PERIOD BEFORE HIS RESIGNATION AND CRISIS WOULD BE
MUCH MORE EASILY RESOLVED WITHOUT DIEM THAN WITH HIM. MINH
SAID HE TENDED TO FAVOR EARLY GENERAL ELECTIONS TO SET UP
A CONSTITUTIONAL ASSEMBLY IN 3 OR 4 MONTHS. MEANWHILE,
A COALITION GOVERNMENT WOULD BE NECESSARY, BUT IT WOULD BE
DIFFICULT TO FORM WITH DIEM AS PRIME MINISTER.

3. QUAT SAID HE HAD NO SPECIFIC COMMENTARY TO MAKE ON THE
PROPOSAL BUT WISHED TO CONTRIBUTE AN ANALYSIS OF CRISIS.
THE TWO MAIN ELEMENTS, HE SAID, ARE DIEM'S GOVERNMENT AND
SECT'S POSITION. A THIRD AND LESS CRUCIAL FACTOR IS POLITICAL
OPINION OF OPPOSITION OTHER THAN SECTS. DIEM'S OBVIOUS
ERRORS AND FAULTY METHODS HAVE CREATED HOAT BETWEEN HIM AND
ALL OTHER ELEMENTS IN THE SOCIETY WHICH IS BECOMING BROADER
AND DEEPER, AND CONTACTS BETWEEN DIEM AND OTHERS ARE BECOMING
MORE REMOTE. WITH REGARD TO SECTS, THESE GROUPS KNOW THE
PROBLEM THEY CREATE MUST BE RESOLVED. HE FEELS ONLY WAY TO
RESOLVE PROBLEM IS PROGRESSIVELY THROUGH MOBILIZING PUBLIC

Control: 10567
Rec'd: APRIL 20, 1955
3:52 A.M.

Action assigned

Action taken

Date of 4/19/55

Action

Name of Officer

Direction to

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OPINION

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-2- 4662, APRIL 19, 11 P.M., FROM SAIGON

OPINION AND CREATING AN ATMOSPHERE IN WHICH SECTS CAN BE INDUCED ACCEPT PEACEFUL SOLUTION. PROBLEM COULD HAVE BEEN RESOLVED MORE EASILY AT AN EARLIER TIME. QUAT SAID HE DID NOT THINK DIEM AND ANY TEAM HE MIGHT GATHER COULD RESUME EFFECTIVE CONTACT WITH SECTS.

4. QUAT DISCUSSED IN A GENERALLY UNFAVORABLE SENSE DO'S IDEA OF HAVING BAO DAI CONVOKE A CONGRESS. HE SAID THE CONGRESS WOULD BE MORE QUICKLY SET UP THAN A PROVISIONAL ASSEMBLY AND WOULD BE MORE MANAGEABLE. HOWEVER, OWING TO BAO DAI'S ABSENCE IN FRANCE, PRESENT POLITICAL ROLES OF SECTS AND ATTITUDE OF OTHER POLITICAL GROUPS, HE BELIEVED CONGRESS NOT PRACTICABLE. QUAT SAID HE THOUGH THE BEST SOLUTION WOULD BE PROVIDED BY A PROVISIONAL ASSEMBLY, BUT POLITICAL GROUPS ARE FEARFUL OF ANY ASSEMBLY CONSTITUTED UNDER DIEM AS PRIME MINISTER.

5. DO SAID THAT IN HIS VIEW MEANS SHOULD BE FOUND TO ALLOW VIETNAMESE PUBLIC OPINION TO BE HEARD. HE HAD SUGGESTED CONGRESS AS A MEANS TO THAT END. IF THERE WERE AN ASSEMBLY PRESENT, CRISIS COULD BE MORE EASILY RESOLVED. A CONGRESS, OPERATING UNDER BINH XUYEN MENACE, MIGHT REMOVE DIEM AND THIS COULD BE INTERPRETED AS VICTORY FOR SECTS WITH UNFORTUNATE EFFECTS IN U.S. DO SUGGESTED AS POSSIBILITY THAT CONGRESS BE REPRESENTATIVE ONLY OF POLITICAL GROUPS AND NOT REPEAT NOT OF SECTS. IF PROVISIONAL ASSEMBLY SOLUTION WERE ADOPTED, IT WOULD BE NECESSARY FIND INTERIM GOVERNMENT TO FUNCTION FOR PERIOD OF PERHAPS SIX WEEKS AND THUS PROBLEM REMAINS OF CREATING A NEW GOVERNMENT. DIEM IS A BARRIER TO SOLUTION OF THIS PROBLEM. DO REFERRED TO FACT THAT DURING NINE YEARS OF WAR NO GOVERNMENT COULD OBTAIN POPULAR SUPPORT FOR STRUGGLE AGAINST COMMUNISM BECAUSE THEY WERE ALL FRENCH PUPPET GOVERNMENTS. PROBLEM NOW IS TO GAIN POPULAR SUPPORT TO CONTINUE RESISTANCE TO VIET MINH. DIEM'S GOVERNMENT HAS NOT SUCCEEDED IN CONVINCING PEOPLE OR POLITICAL GROUPS OF NECESSITY TO CARRY ON ANTI-VIET MINH STRUGGLE. ONLY A GOVERNMENT FULLY SUPPORTED BY PEOPLE CAN DO THAT, AND SUCH A GOVERNMENT MUST COME FROM SOME KIND OF POPULAR BODY, EITHER AN ASSEMBLY OR A CONGRESS. AS A PRACTICAL TEST OF WHETHER PROVISIONAL GOVERNMENT FOLLOWED BY PROVISIONAL ASSEMBLY WOULD BE ACCEPTABLE SOLUTION, DO SUGGESTED ASKING SPECIFIC INDIVIDUALS, SUCH AS QUAT AND MINH, WHETHER THEY

WOULD

-3- 4662, APRIL 19, 11 P.M., FROM SAIGON

WOULD AGREE TO ENTER SUCH PROVISIONAL GOVERNMENT. MINH SAID THAT HE WOULD AGREE TO ENTER A PROVISIONAL GOVERNMENT IF POLITICAL GROUPS REPRESENTED BY QUAT AND OTHERS ACCEPTED, BUT HE FELT THIS SOLUTION HAD BEEN OVERTAKEN BY EVENTS. QUAT SAID THAT IF AN IMMEDIATE ANSWER FROM HIM WAS REQUIRED, IT WOULD HAVE TO BE NEGATIVE. HE ADDED THAT, IN HIS OPINION, DIEM CANNOT NOW ORGANIZE AN INTERIM GOVERNMENT.

6. VAN SAID THAT HE FELT DIEM MIGHT ACCEPT THE PROPOSAL BUT THAT PROPOSED MEMBERS OF NEW TEAM, THINKING DIEM INCAPABLE OF CHANGE, WOULD NOT AGREE TO PARTICIPATE. HE SAID THAT DIEM DOES NOT HAVE SUPPORT IN THE COUNTRY, AND WHILE HIS GROUP WOULD RISK ALMOST ANYTHING FOR A GOOD SOLUTION, THEY WOULD NOT TAKE THE CHANCE OF PARTICIPATING IN INTERIM DIEM CABINET.

7. I SAID THAT IF VIETNAMESE LEADERS WERE UNABLE TO FIND SOLUTION, AND DIEM WAS REMOVED UNDER CIRCUMSTANCES WHICH POINTED TO SECT VICTORY, IT WOULD BE VERY DIFFICULT TO OBTAIN POPULAR SUPPORT IN U.S. FOR CONTINUATION OF U.S. AID. I THEREFORE URGED PARTICIPANTS TO CONSIDER MATTER FURTHER AND TO FIND SOME OTHER SOLUTION IF THAT WHICH WE DISCUSSED SEEMED IMPRACTICABLE TO THEM.

8. MORE FOLLOWS.

KIDDER

SMD/32

Control: 10534
Rec'd: APRIL 20, 1955
1:57 A.M.

FROM: SAIGON

TO: Secretary of State

NO: 4663, APRIL 19, 11 P.M. (SECTION ONE OF TWO)

PRIORITY

SENT DEPARTMENT 4663, REPEATED INFORMATION PRIORITY PARIS 1209

FOR SECRETARY FROM COLLINS. PARIS FOR AMBASSADOR.

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1. I CALLED ON DIEM 1800 APRIL 19 AND ASKED WHETHER HE HAD CONSIDERED FURTHER MODIFIED THOAI PROPOSAL. DIEM HANDED ME FOLLOWING NOTE (IN ENGLISH):

BEGIN VERBATIM TEST.

1) I AGREE WITH IDEA OF COALITION IF IT IS TRULY TO OBTAIN REPRESENTATION FOR THE GREAT MAJORITY OF THE PEOPLE:

2) THIS IS IN ACCORD WITH MY BELIEF IN GOVERNMENT WHICH REPRESENTS THE PEOPLE -- AND TOWARD WHICH I HAVE BEEN TRYING HARD TO BRING VIETNAM AGAINST SO MANY DIFFICULTIES;

3) I DO NOT FEEL THAT THE NAMES GIVEN TO ME AS SUGGESTIONS FOR MEMBERS OF MY CABINET -- MEN FROM SMALL OPPOSITION PARTIES WHO ACTUALLY REPRESENT ONLY A HANDFUL OF PEOPLE -- ARE IN ACCORD WITH THE PRINCIPLE OF HAVING THE GREAT MAJORITY OF THE PEOPLE REPRESENTED IN THE GOVERNMENT -- WHICH I UNDERSTAND IS OUR MUTUAL DESIRE. CERTAINLY THIS IS THE POLITICAL PRINCIPLE OF THE UNITED STATES IN ITS OWN GOVERNMENT:

4) I AGREE THAT NO ONE MAN SHOULD MANIPULATE THE ELECTION OF A NATIONAL ASSEMBLY SO THAT HE DOMINATES IT FALSELY. THIS IS THE VERY REASON WHY I HAVE PROPOSED THAT WE HOLD A GENERAL ELECTION -- IN A MANNER WHICH WILL BE MOST FAMILIAR TO MY PEOPLE -- TO ELECT A NATIONAL ASSEMBLY;

5) WITH

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-2- 4663, APRIL 19, 11 P.M. (SECTION ONE OF TWO), FROM SAIGON

5) WITH A GENERAL ELECTION, THERE IS EVERY REASON TO EXPECT THAT THE PEOPLE WILL BE REPRESENTED BY PEOPLE OF THEIR OWN CHOOSING -- AND NOT BY SELF-APPOINTED SPOKESMEN FOR THE PEOPLE;

6) I DO NOT BELIEVE ANY FREEDOM-LOVING VIETNAMESE -- AND WE ALL KNOW THAT WE ARE FACING A CLEAR DECISION BETWEEN FREEDOM AND COMMUNISM HERE -- IS FEARFUL OF COMMUNISTS BEING ELECTED TO HIGH POSITION THROUGH THE MEANS OF A GENERAL ELECTION;

7) I WOULD PREFER TO LET AN ASSEMBLY CHOSEN BY ALL THE PEOPLE IN A GENERAL ELECTION BE THE DECIDING FACTOR IN THE CONTINUED LIFE OF THIS GOVERNMENT -- THAN TO HAVE A COMPLEX SYSTEM OF CONTRIVED REPRESENTATION DO SO, NO MATTER HOW WISELY THIS SYSTEM WAS DEvised BY A GROUP OF MEN. THE PEOPLE ARE THE ONES WHOSE LIVES ARE AT STAKE. THEY SHOULD BE GIVEN A VOICE IN THEIR OWN FUTURE;

8) ON THE BASIS OF THESE PRINCIPLES DEAR TO ME, AND TO FREE MEN THROUGHOUT THE WORLD, I AM WILLING TO ACCEPT COALITION.

APRIL 19, 1955

END VERBATIM TEXT.

2. WITH REFERENCE TO LAST PARAGRAPH OF NOTE, I ASKED WHOM DIEM WOULD TAKE INTO A "COALITION". HE SAID THAT HIS CABINET MINISTERS SHOULD BE "CAPABLE, NEUTRAL" MEN. HE MADE A POINT WHICH THE NOTE DOES NOT REPEAT NOT MAKE CLEAR THAT THE COALITION HE ENVISAGES WOULD BE FORMED AFTER (REPEAT AFTER) GENERAL ELECTIONS TO BE HELD IN 3 OR 4 MONTHS. DIEM SAID THAT HIS GOVERNMENT MUST FIGHT COMMUNISM, FEUDALISM AND COLONIALISM. IF IT HAD 5 OR 10 YEARS IT COULD USE VARIOUS PEACEFUL MEASURES. HOWEVER, OWING TO EXIGENCIES OF SITUATION, MILITARY PRESSURE MUST BE USED. HE SAID HE BELIEVED THE PEOPLE WERE IN ACCORD WITH THAT PRINCIPLE.

KIDDER

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Department of State

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FROM: SAIGON

TO: Secretary of State

NO 4663, APRIL 19, 11 P.M. (SET TWO OF TWO)

PRIORITY

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Department of State

Control: 10533

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Date of Action *4/19/55*

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Name of Officer *H. H. H.*

SENT DEPARTMENT 4663; REPEATED INFORMATION PRIORITY PARIS 1299.

FOR SECRETARY FROM COLLINS, PARIS FOR AMBASSADOR.

3. I REMINDED DIEM THAT THERE IS NO ELECTION LAW AND NO ELECTION MACHINERY. I SAID ALL THOSE I HAD CONSULTED AGREED THAT GENERAL ELECTIONS WERE NOT NOW PRACTICABLE. I ADDED THAT IN MY VIEW HIS GOVERNMENT COULD NOT CONTINUE FOR THREE MONTHS AS IT IS NOW. DIEM REPLIED THAT HE BELIEVED WHEN PEOPLE KNEW ELECTIONS WOULD TAKE PLACE IN THREE MONTHS THEY WOULD CHANGE THEIR ATTITUDE. I ASKED WHAT HE PROPOSED TO DO IN THE MEANTIME. HE SAID HE WOULD CARRY OUT REFORMS AND PROGRAMS WITH WHICH I WAS FAMILIAR, AND TO DO THIS HE PROPOSED TO CHOOSE ONLY ADDITIONAL CABINET MEMBERS HAVING SAME POLITICAL CONCEPTS AS HIMSELF. HE SAID THE STRUGGLE IS VERY HARD AND THERE CAN BE NO COMPROMISE.

4. I ASKED IF HE THOUGHT QUAT WAS IN FAVOR OF COLONIALISM, FEUDALISM AND COMMUNISM. HE SAID THAT QUAT FAVORS COMPROMISE METHODS. I ASKED THE SAME ABOUT DO. DIEM SAID DO AVOIDS DIFFICULTIES AND HAS NO PLAN. I ASKED SAME ABOUT THOAI. DIEM SAID THAT THOAI IS ANXIOUS ONLY TO RETURN TO HIS CHEMICAL LABORATORY.

5. I TOLD DIEM THAT I DID NOT KNOW WHAT WOULD HAPPEN TO HIS GOVERNMENT AND COUNTRY IF HE CONTINUED ON PRESENT COURSE SINCE I BELIEVED HIS SOLUTION MUST LEAD TO CIVIL WAR. DIEM REPLIED THAT HE REALIZED RISKS WERE INVOLVED, AND THAT HE NEVER CEASED TO REFLECT ON NATION'S PROBLEMS. HE SAID COMPROMISE HAD LOST THE WAR AGAINST VIET MINH. I SAID THAT IN MY OPINION VIETNAMESE PEOPLE DID NOT WANT CIVIL WAR.

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DIEM REPLIED

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-2- 4663, APRIL 19, 11 P.M., FROM SAIGON (SET TWO OF TWO).

DIEM REPLIED THAT NEITHER DID HE WISH CIVIL WAR, BUT ADDED THAT "FEUDALISTS" ARE UNSCRUPULOUS. I SAID THAT I MUST REPORT TO MY GOVERNMENT THAT I BELIEVED DIEM'S COURSE OF ACTION MUST LEAD TO CIVIL WAR.

6. I TOLD DIEM THAT ALL VIETNAMESE WITH WHOM I HAD TALKED WERE LIKEWISE OPPOSED TO COLONIALISM, FEUDALISM AND COMMUNISM. HOWEVER, THEY DIFFER AS TO METHODS OF TACKLING THESE PROBLEMS AND DO NOT APPROVE OF DIEM'S WAY OF WORKING. DIEM SAID THAT ON THE CONTRARY THEY DID NOT OPPOSE HIS METHODS, BUT HIS POLITICAL CONCEPTS. HE ADDED THAT EVERY TIME A COMPROMISE IS MADE THE PROBLEM RETURNS IN MORE ACUTE FORM. THE PEOPLE DO NOT LIKE THIS.

7. I ASKED WHAT DIEM WOULD DO IF BAO DAI DECIDED TO MAKE A CHANGE OF PRIME MINISTER. DIEM SAID BAO DAI HAS POWER TO DO SO AND WILL DECIDE. HOWEVER, EXPERIENCE IN VIETNAM DURING THE WAR HAD PROVED COMPROMISE TO BE INEFFECTUAL. IT WILL BE UNFORTUNATE IF BAO DAI DOES NOT ACCEPT HIS COURSE OF ACTION. I TOLD DIEM THAT I BELIEVED THAT IF NO COALITION WERE EFFECTED PRIOR TO ELECTIONS, BAO DAI WOULD MAKE A CHANGE. I HAD TRIED TO ASSIST VIETNAMESE TO AVOID DRASTIC SOLUTION OF THIS SORT, BUT UNLESS GOVERNMENT IS EFFECTIVELY BROADENED, I BELIEVE THERE WILL BE A CHANGE. DIEM SAID HE WAS CONTINUING HIS POLITICAL CONVERSATIONS TO TEST ACCEPTABILITY OF HIS IDEAS. I SAID I HOPED HE WOULD DO EVERYTHING POSSIBLE TO AVOID OPEN CONFLICT DURING BY ABSENCE. DIEM SAID THAT IF HE HAD REMOVED SANG AS CHIEF OF POLICE IN BEGINNING, HE WOULD NOW HAVE SAIGON WELL IN HAND.

8. I ASKED IF HE HAD HAD ANY REPORTS FROM LUYEN. DIEM REPLIED THAT BAO DAI WAS ABSENT WHEN LUYEN ARRIVED. HE SAID THAT LUYEN HAD REPORTED THAT PEOPLE IN PARIS HAD NO UNDERSTANDING OF WHAT WAS GOING ON IN VIETNAM.

9. ON TAKING MY DEPARTURE I SAID THAT IN MY OPINION BAO DAI WOULD REMOVE DIEM IF HE CONTINUED AS AT PRESENT. I HAD DONE MY BEST TO HELP. I ADMIRER HIS ACCOMPLISHMENTS AND HIS CHARACTER, BUT NOT HIS METHOD OF WORKING AND ONLY REGRETTED THAT I HAD NOT BEEN ABLE TO DO MORE FOR HIM AND HIS COUNTRY.

10. I SEE NO

-3- 4663, APRIL 19, 11 P.M., FROM SAIGON (SET TWO OF TWO).

10. I SEE NO REPEAT NO ALTERNATIVE TO THE EARLY REPLACEMENT
OF DIEM.

KIRDER

VND/32

Refer to: I-12691/5

22 April 1955

Dear Walter:

I refer to the current situation in South Vietnam and the probable necessity for review of the basic policy in that area.

An analysis of the problems has been made by my staff in the attached staff study. I think it is an excellent study and I highly recommend you and your staff read it.

While I realize these problems have no easy solution, to me the basic issues are quite clear. I believe there are three major areas of weakness in South Vietnam as follows:

a. The need for a solution of the problem of how we can achieve our ends in South Vietnam and yet live with the French.

b. The need for a solution of how we can achieve internal order with particular reference to the sects, the lack of internal communications, and the lack of strength in the central government. (During my recent trip I conferred with Diem at which time he stated that if his government could become strong he felt the people would rally to it, and that at present Ho Chi Minh offered the only strong rallying point to the people of South Vietnam.)

c. The need for a solution of how we can achieve a suitable government of South Vietnam, with particular reference to its relationship to Bao Dai, the broadening of its base, and the participation of capable people within the government.

(I feel that in the past we have made a mistake in building the government upon one man.)

In view of the probable nature of the problems to be discussed with General Collins during his visit, I consider that this information may be of value to you.

Sincerely yours,

(SIGNED)

H. Struve Hensel

Prepd. by Col. Queenin
Rwrtn by Col. Silver
jcp

Mr. Walter S. Robertson
Assistant Secretary for
Far Eastern Affairs
Department of State

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Page 1 of 1 Pages

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In reply refer to I-12001/5

APR 16 1955

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE (ISA)

SUBJECT: Programs for the Implementation of U.S. Policy Towards
South Viet-Nam

I refer to the attached study, subject as above, and the conclusions and recommendations based thereon.

It is considered that these conclusions and recommendations should be used as a basis for the establishment of future Department of Defense positions on the subject of South Viet-Nam.

A. G. DAVIS
Vice Admiral, U.S. Navy
Deputy Assistant Secretary of Defense (ISA)

Inclosures 1
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11 Feb 1972

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Lt. Col. Queenin/agp/ofma
2E337 79258 12 April 1955
I-12691/5

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Page 1 of 1 Pages

924

Programs for the Implementation of U.S. Policy Towards South Viet-Nam

Problem: To re-examine current implementation of U.S. policy pertaining to South Viet-Nam in light of current events related to that area.

Discussion: TAB A.

Conclusions: 1. Interim or delaying actions in South Viet-Nam should be accompanied by development of a favorable situation in the remainder of the Far East in general and in Southeast Asia in particular as pertains to Cambodia, Laos, and Thailand.

2. The successful accomplishment of U.S. programs for South Viet-Nam cannot be assured through French implementation of such programs as the French will only accept the concept of these programs insofar as they further French policy in the area.

3. The influence of Bao Dai in his position as Chief of State is a constant menace to the successful implementation of U.S. programs in South Viet-Nam.

4. Alternatives to the Diem Government should be given adequate consideration in the event the U.S. cannot longer reasonably support Diem.

5. A strong, stable, viable government cannot be developed in South Viet-Nam until a reasonable solution to the problem of the Sects has been determined.

6. The Viet-Minh are capable, even without resorting to overt aggression, of preventing the total accomplishment of U.S. objectives in South Viet-Nam.

7. The military defense of Viet-Nam would be extremely difficult if not impossible should: The FLC withdraw from South Viet-Nam and no other forces be immediately available to fill the vacuum; the Viet-Minh then overtly intervene; and no U.S. ground forces be included in "other" forces ultimately used to fill the vacuum.

8. The loss of Viet-Nam and subsequent political developments would render the military defense of the remainder of Southeast Asia extremely difficult, if not impossible.

9. It is questionable that South Viet-Nam could at this time win an election pertaining to the unification of Viet-Nam.

Recommendations: 1. Direct U.S. military aid and support programs at the rapid and efficient development of indigenous forces, particularly Thailand and Cambodia. Any U.S. military aid program in the latter should be contingent upon U.S. control of the organization and training of Cambodian forces.

2. Obtain a firm statement of French policy relating to Viet-Nam; inform the French that the U.S. will expect complete French support in the implementation of U.S. programs in South Viet-Nam.

3. Obtain from the Department of State, an immediate and practical solution to the problem of Eao Dai. (From a Defense point of view, he should be a figurehead only, with a minimum amount of control over the Viet-Nam Government).

4. Accept General Collins' recommendations on alternatives to the current Vietnamese Government but make certain that the problem of the Sects is also considered concurrently.

5. Regardless of whether Diem or alternative government is in power, it should be understood that the Binh Xuyen will immediately be stripped of all power and subjugated to the National Government; that the government will include representation from the other Sects; and that these other Sects will eventually be completely subjugated to the National Government.

6. In re-evaluating current or establishing new U.S. objectives in South Viet-Nam insure adequate consideration of Viet-Minh capabilities rather than possible intentions.

7. Determine U.S. military action within the scope of the SEACDT in order to prevent the loss of the remainder of Southeast Asia as a result of the loss of South Viet-Nam.

8. Make every effort to abolish or postpone indefinitely the elections proposed for Viet-Nam, under the Geneva Accords, for July 1956.

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DISCUSSION:

1. The difficulties inherent in developing, implementing and sustaining a program designed to produce a stable, viable government in South Viet-Nam, under the limitations imposed by current U.S. national policy, are recognized. However, recent recommendations from the field for revision of such programs must be considered in the nature of delaying or interim actions which can be justified only if they are undertaken with a positive objective, i.e., to gain time for consolidation or development of a favorable situation in the same area of elsewhere. Although proposed interim notions in Viet-Nam may be justifiable from the point of view of minimizing the psychological impact of the eventual loss of the remainder of Viet-Nam to the Communist Bloc, it is considered that ultimate failure of U.S. policy in Viet-Nam, even though limited by the extent of the U.S. commitment, would have the effect of furthering the loss of U.S. prestige in Asia.

SUBCONCLUSION: Interim or delaying actions in South Viet-Nam should be accompanied by development of a favorable situation in the remainder of the Far East in general and in Southeast Asia in particular as pertains to Cambodia, Laos, and Thailand.

2. The implementation of current U.S. policy and programs in South Viet-Nam and to a great extent in Cambodia and Laos is effected by the ability of the French to negate within these countries the accomplishment of U.S. objectives. The complex and flexible policies currently being followed by the French will not insure the continued cooperation and support necessary for the successful accomplishment of U.S. programs. France is pledged to and is supporting a policy of internal sovereignty for the

Associated States, with full independence within the French Union. The French Union is an ultra-national, commonwealth-type arrangement, as yet loosely defined and subject to further legal development. The statements of French leaders to the effect that "France intends to maintain its presence in the Far East" allude to the concept of the French Union. Further, the French are capable of negating U.S. programs by: (a) working to bring about the downfall of the Diem Government through an internal coup or through influencing Bao Dai to dismiss Diem; (b) refusing to cooperate in the training of the Vietnamese Army; (c) withdrawing completely from Indochina, thus forcing the U.S. to increase substantially its political, financial and military commitments in the area; (d) unilaterally reaching a rapprochement with the Viet-Minh; and (e) insisting on executing their obligations under the Geneva Agreement by working towards holding the elections now scheduled for July, 1956.

The basic factors on French policy with regard to Indochina are as follows:

- (a) The French desire to maintain a maximum of influence in Indochina.
- (b) The French believe, because of their financial investment and their historical position in Indochina, that their interests should be the determining factor in political developments in Indochina and they are Jealous of what they regard as U.S. intervention.
- (c) French acceptance of the Geneva Accords recognized their military inability to defeat the Viet-Minh, and the consequent need for a political settlement of the Indochina problem on a basis which would minimize French political, commercial, and prestige losses resulting from such a settlement.

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(d) The French desire to avoid a resumption of hostilities at all cost, since past developments have led them to believe that their ground forces would bear the brunt of renewed fighting.

(e) Because of their dependence on U.S. financial support to maintain their presence in Indochina, they are inclined to go along with the U.S. policy in South Viet-Nam as one means of maintaining some influence in the area, although certain groups (colonialists) are actively undermining the U.S. program locally in South Viet-Nam.

(f) The French doubt that the U.S. program will succeed, and as added insurance are endeavoring to establish an understanding with the Viet-Minh which might be expanded to include a political settlement for all of Viet-Nam in the event that U.S. programs fail, thus retaining some degree of influence.

(g) They are becoming apprehensive lest U.S. policy should completely fail, and lest their attempts to gain a settlement with the Viet-Minh will also fail and are thus beginning to contemplate the possible necessity of a complete withdrawal from Viet-Nam before the elections are held.

(h) They would be willing to stay as long as U.S. financial support continues and the U.S. gives them a major voice in determining policy.

(i) Their primary motivations are (a) financial, and (b) prestige. They are reluctant to withdraw from Indochina because they would then weaken their position as a "World power", as a member of the "Big Four" or "Big Five", and would lose what prestige they hold as a "Far Eastern" power.

(j) In the final analysis, they will retain a position of flexibility in order to follow whichever course of action appears most likely to assure them the most advantageous position, whether that should be to continue to support U.S. policy, to seek a rapprochement with the Viet-Minh, or to withdraw completely from Viet-Nam.

SUBCONCLUSION: The successful accomplishment of U.S. programs for South Viet-Nam cannot be assured through French implementation of such programs as the French will only accept the concept of these programs insofar as they further French policy in the area.

3. Bao Dai, in his position as Chief of State, has the authority to appoint or dismiss the Cabinet in Viet-Nam at any time. His attitude has recently been favorable to the U.S. but his vulnerability to the influence and intrigue of the French and anti-Diem Vietnamese could sway him at any time to dismiss Diem and eliminate the Government on whose existence the U.S. predicates its policies. This factor tends to weaken the basis on which current U.S. programs are established.

SUBCONCLUSION: The influence of Bao Dai in his position of Chief of State is a constant menace to the successful implementation of U.S. programs in South Viet-Nam.

4. Diem has proven to be an individual who, in addition to being guilty of nepotism in his government and of being reluctant to utilize the capabilities of some of the more dynamic Vietnamese personalities available to him, has demonstrated a marked inability to understand the political, economic and military problems associated with Viet-Nam. The concept of making U.S. support dependent exclusively on Diem's continuance in power is not valid

and tends to portray him as being indispensable, which should not be the case. Should Diem fall, U.S. programs might conceivably be continued under a successor government, particularly if a more dynamic, capable leader (albeit with less initial prestige) were placed in control. Former Foreign Minister Do or Dr. Quat, as recommended by General Collins, should be given adequate consideration.

The alternative of withdrawing U.S. support should not be stated as a clear-cut negative course of action. If the Diem experiment fails, and the U.S. does not consider continued support to South Viet-Nam as being warranted, there is a wide scale of courses of action which would be adopted by the United States to minimize the effects of a Communist take over in South Viet-Nam. These include: (a) support of French efforts to create a South Vietnamese Government which would work out a settlement with the Viet-Minh; (b) clandestine operations to hinder the consolidation of Communist control; (c) augmentation of programs to develop anti-Communist positions of strength in Cambodia, Laos and Thailand; and (d) other political, economic and psychological measures designed to gain the sympathy of, and to develop support from the "neutral" nations of Southeast Asia. These measures might include continuation of U.S. "humanitarian" programs of economic and social assistance in South Viet-Nam pending the assumption of complete control of this area by a Communist government.

SUBCONCLUSION: Alternatives to the Diem Government should be given adequate consideration in the event the U.S. cannot longer reasonably support Diem.

5. The problem of the Sacts has been commented on in recent correspondence from the field and in analyzing the courses of action available in

relation to these dissident factions it is obvious that their only consideration in relation to the National Government is retention of power and maintenance of a "sphere of influence" in their own areas. The Cao Dai and Hào Hoa are supposedly religious groups with ethnic ties to specific areas of South Viet-Nam.

However, their religious backgrounds are in reality used as a basis for the development of their political and power aspirations. The Binh Xuyen Sect has no specific ethnic ties but is considered to have originated in the area south of Saigon and to have been principally engaged in the past in river piracy activities. Recently, they have controlled the gambling and other vice activities in Saigon and nearby Cholon, and have been Bao Dai's chief source of income.

It is considered that the problem of the Sects is one of the major factors retarding the establishment of a stable, viable government in Viet-Nam and any plan for the replacement of the Diem Government must also give adequate consideration to this problem. Action to reduce the power of the Binh Xuyen should be immediate and would probably result in this Sect going underground and initiating guerrilla activities. However, paramilitary and subversive activities are so prevalent in South Viet-Nam at present that it is not believed this would seriously aggravate the situation.

A major effort should be made concurrently to strengthen the National Army and, as soon as possible, the other Sects should be subjugated to the will of the National Government.

SUBCONCLUSION: A strong, stable, viable government cannot be developed in South Viet-Nam until a reasonable solution to the problem of the Sects has been determined.

6. The accomplishment of U.S. objectives in South Viet-Nam will depend largely upon the activities of the Viet-Minh. The Diem Government is not operating in a vacuum; it is effectively opposed by a strong, well-organized and efficient Communist political organization south of the 17th parallel, supported locally by a covert paramilitary organization capable of wide-scale guerrilla action, and overtly above the 17th parallel by a numerically large, relatively better equipped regular army of 250,000 troops. The Viet-Minh can be expected to oppose efforts by the Diem Government to pacify and gain control over all territory south of the 17th parallel, particularly when and if such efforts pose a significant threat to the Viet-Minh activities in that area. Such opposition could take the form of: (a) psychological warfare and subversive penetration; (b) sabotage and local terrorist actions; (c) initiation of wide-scale guerrilla operations; (d) reinforcement of this guerrilla action by infiltration of limited numbers of regular troops from the north; and finally (e) overt full-scale invasion of South Viet-Nam. The Vietnamese Government currently is incapable alone of successfully countering any of these courses of action. Optimistically, if the current U.S. program should be successful in all fields, the Diem Government probably could counter course (a), and possibly could keep course (b) under control. The force level programmed for the Vietnamese Army would preclude countering successfully courses (c), (d), and (e).

SUBCONCLUSION: The Viet-Minh are capable, in the absence of a strong popularly supported government in South Viet-Nam, even without resorting to overt aggression, of preventing the total accomplishment of U.S. objectives in South Viet-Nam.

7. In the event of a split between the U.S. and French resulting in the withdrawal of all French political and military support to South Viet-Nam, the vacuum created by the withdrawal of the French Expeditionary Corp would have to be filled by other external forces pending the development of comparative strength in the Vietnamese Army. Without replacing the FEC by comparable forces, South Viet-Nam would be militarily impotent, and a demoralization of the Vietnamese Army and people could result.

In connection with the above, any thought of U.S. intervention under the SEACDT should be considered in the light of possible limitations of the Geneva Accords with respect to intervention by U.S. ground forces. A legalistic interpretation of the accords by the Viet-Minh and the ICC would consider such U.S. intervention as a major violation. The U.S., while not a signatory to the Geneva Accords, has publicly declared it would not contravene its provisions.

Assistance for intervention in South Viet-Nam probably cannot be expected from Australia, New Zealand, the U.K. or Pakistan. Thailand or the Philippines cannot provide sufficient troops to reinforce adequately the Vietnamese forces to the extent required. If, under these circumstances, Viet-Minh regular forces were to be committed against SEACDT forces, and no U.S. ground forces were employed, the Viet-Minh would be capable of defeating SEACDT forces subsequent to the withdrawal of the FEC. U.S. air and naval forces would hinder the Viet-Minh advance but it is unlikely that they would significantly reduce the Viet-Minh capability to overrun Viet-Nam.

The paramilitary operations of the Viet-Minh in South Viet-Nam cannot be suppressed by those measures applicable in other countries, i.e. the Philippine suppression of the HUKS. The HUKS never had the degree of popular sympathy and support which the Viet-Minh currently enjoy.

CONCLUSIONS:

a. If the PGC should withdraw from South Viet-Nam, other forces would be needed to fill the vacuum.

b. If other forces are used to fill the vacuum, the Viet-Minh will overtly intervene.

c. If U.S. ground forces are not included in these "other" forces, the Viet-Minh will emerge victorious.

d. Viet-Minh paramilitary activities in South Viet-Nam cannot be overcome by using those methods which have proven successful in other areas, i.e. the Philippines.

8. In considering the acceptability of the loss of Viet-Nam from the U.S. viewpoint, U.S. policy objectives related to the entire Far East, Southeast and South Asia would have to be reviewed. The military implications of the loss of South Viet-Nam have to take into account the probably ensuing political developments, i.e. a Communist takeover in Laos and Cambodia with a resultant weakening of Thailand's will to resist Communism, and at a minimum the strengthening of the neutralist tendencies in the other countries of the area.

SUBCONCLUSION: The loss of Viet-Nam and subsequent political developments would render the military defense of the remainder of Southeast Asia extremely difficult, if not impossible.

9. In considering the question of elections, the assumption that the Viet-Minh would not agree to free elections could well be erroneous despite the consistent Communist rejection of election proposals for the unification of Germany, Austria and Korea. In other countries, the Communist control only a minority of the population, whereas in Viet-Nam they control the majority. In addition, they have residual popular support in areas outside

their control and they may feel that their agreement to elections held under conditions which might be termed "free" would inevitably redound to their advantage. Furthermore, nationalist appeal in Viet-Nam is so closely identified with Ho Chi Minh and the Viet-Minh movement that, even in areas outside of Communist control, candidates and issues connected with "nationalism and supported by the Viet-Minh would probably be supported by the majority of the people. Thus, the Communists might be so confident of success that they would be willing to permit "free" elections under international supervision albeit continuing to utilize all the standard communist processes and tactics in an attempt to assure the outcome they would desire. Should they do so, there is no reason to doubt at this time that they would win easily in the 1956 elections.

In connection with the above, the issue of unification would be a popular one in Viet-Nam, despite the probable consequences of Communist domination. It would be dangerous to assume that South Viet-Nam would reject unification with the North. The South Vietnamese Government will not be operating in a propaganda vacuum in the South; Viet-Minh propaganda is still more intensive and successful than that of the Dien Government. Further, there is no guarantee that the people of the South will reject unification, particularly if the referendum is relatively free and supervised by an international commission. On the other hand, there is no doubt that the people of the north would approve unification under any circumstances which will provide them with the opportunity to take over the territory of the South, politically, economically and militarily.

SUBCONCLUSION: It is questionable that South Viet-Nam could at this time win an election pertaining to the unification of Viet-Nam.

25 April 1955

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE (ISA)

SUBJECT: Department of State Debriefing of General Collins

General Collins was debriefed by Department of State representatives, commencing at 1000 Friday, 22 April. Also present at this debriefing were representatives of Defense, FGA, CIA, USIA, and Treasury.

The problems discussed were primarily political in nature and the objective of the discussion was to arrive at a solution to the current governmental situation in South Viet-Nam. However, two problems of interest to the Department of Defense - financial support of the French Expeditionary Corps (FEC) and integration of Viet forces into the Vietnamese National Army - were also discussed.

In the political phase of the discussion, the various proposals which have been made during recent weeks were analyzed and the following points are considered to be of interest:

a. General Collins stated that:

(1) In his opinion it would be a major error in judgment to continue to support a man (Dien) who has demonstrated such a marked inability to understand the political, economic and military problems associated with Viet-Nam.

(2) Dien is currently governing by himself, based on the advice of his brothers and a few close friends (Ministers of Justice, Finance, and Information.)

(3) Dien simply cannot get along with other capable men.

(4) Dien, in five months, has not had one original constructive suggestion, idea, or plan. General Collins and Ely have been responsible for any of those which appeared to originate with Dien.

(5) Doctor Quat and former Foreign Minister Do are the most able men available in South Viet-Nam.

(6) General elections in South Viet-Nam are not possible and the best form of government for this country would be a constitutional monarchy. The Vietnamese are not, and will not be in the immediate future, ready for a republican form of government.

(7) Various plans which have been proposed for interim forms of governments, such as provisional or constituent assemblies, and including the plan of Thai (Minister for Planning and Reconstruction) which was considered worthy of further study, are doomed to defeat as Diem will not accept such recommendations.

(8) "Diem has been informed by me that I don't see how anyone can save his government and that I think that Bao Dai will remove him."

b. In elaborating further on the situation in South Viet-Nam General Collins stated that the Bao Dai plan (INRMAE Paris 45/6) attached as TAB A is worthy of consideration and recommends that the U.S. concur in its implementation. Based on this statement, Mr. Murphy, State, commented that for a time it appeared that Diem was developing successfully according to General Collins' reports but that General Collins had now reversed his position. In response, General Collins stated that he had never indicated that Diem was indispensable. General Collins further stated that this was the best we could hope to obtain as pertains to a Vietnamese-conceived plan and that practically any plan was going to be labeled, propaganda-wise, with the stigma of French or U.S. conception.

c. In a further discussion between Mr. Murphy and General Collins the problem of the fighting between the Sects and the National Army was developed and General Collins stated:

(1) The U.S. is just now beginning to train the Vietnamese National Army and a senior Vietnamese Army officer stated that they had no desire to fight other Vietnamese (Sects).

(2) Ly (Army Chief of Staff) told General Ely he would not order an attack on the Sects.

(3) The French will not, except to protect their own people, use French troops against the Sects. Their primary mission is one of external security.

(4) The bitter feud between Bay Vien and Diem originated in Diem's closing of the "Grande Monde".

(5) Practically all Vietnamese now disagree with Diem.

(6) Some compromise will be necessary on the part of Diem's replacement.

(7) The Binh Xuyen are not in a strong military position.

(8) Bay Vien and the Sects will accept the concept of Bao Dai's plan.

(9) Bay Vien will surrender the control of the police if ordered to do so by Bao Dai and if Diem is replaced.

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(10) Although an effort must be made to give Bay Vien an opportunity to save face, the Dinh Nuyen must be stripped of their power.

(11) Based on the above, General Collins considered that there were only two solutions to this problem - acceptance of the proposal of Bao Dai, or for Bao Dai to return and assume the Premiership. General Collins did not consider the latter as a desirable solution.

d. In response to a question, General Collins stated that the current situation in South Viet-Nam was definitely not engineered by the French. He further stated that General Ely has given Dien unequivocal support. However, he could not speak for French support from Paris. General Collins emphasized that civil war could break out at any moment and that either side could be responsible.

e. General Collins stated that the U.S. has a moral obligation in relation to the 500,000 Vietnamese refugees and that it would be difficult for the U.S. to withdraw from Viet-Nam.

f. In reference to the Sainteny mission, General Collins stated that General Ely has threatened to resign over this issue. He indicated that the French business people have not adjusted to the concept of a Free Viet-Nam. He thought that the French would just as soon see an indefinite partition of Viet-Nam but that the U.S. should force the issue of French support for a legally constituted Vietnamese Government.

With reference to the two problems primarily of military interest, General Collins stated that:

a. We should not provide one nickel more than the 100 million dollars currently available for support of the FEC. They might reduce their forces but would not withdraw.

b. The current dispositions of the FEC are sound.

c. The FEC is a strong, stabilizing influence in South Viet-Nam.

d. Implementation of Article IV of the Manila Pact would require ground forces to stabilize the front and give the U.S. Air and Navy forces something to shoot at.

e. Air and Naval forces will not alone result in a victory in this area in the event of overt aggression.

f. Integration of Sect forces as he has proposed (DA 1130977) (TAB 2) has now been agreed to by the French.

g. This integration will now cost approximately 40 million dollars rather than the 25 million as previously stated.

h. This plan for integration will eventually provide for a reduction in Soviet power.

In summary, General Collins is firmly convinced that it will be to the detriment of U.S. interests to continue to support Diem. However, State is reluctant to face the fact that they must admit a failure in U.S. policy and obviously will attempt to retain Diem in the Government in some capacity.

A. C. DAVIS

Vice Admiral, U.S. Navy

Deputy Assistant Secretary of Defense (ISA)

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1955 APR 27 PM 6 11

DC/T

SENT TO: Ambassador SAIGON NLACT 4757
Ambassador PARIS PRIORITY 3729

FOR THE AMBASSADOR

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If the French agree to para. 7 DEINTEL 4735 then you may give them orally the following views on procedures and a new government. Our views are based on consultations with General Collins, a careful study of the French aide-memoire of April 17, 1955, Bao Dai's proposals, and the views of various Vietnamese in Saigon.

A. Our tentative proposals on procedures are as follows:

1) The US will have to maintain position of full support for Diem until and unless Vietnamese leaders develop alternate proposal which Bao Dai would support.

2) Bao Dai should be informed by both governments that before we would consider support for any change he must guarantee that he will confirm Prime Minister's authority over police officials, the Binh Xuyen will be removed from police functions, and surety, and that the sects will agree to a broad program of their integration into the national life of Vietnam on the basis of QTE a single nation, a single state, a single army, and a single administration UNQTE. Such decree by Bao Dai must be in process before Diem

46380

Delivered by: J. P. Young Jr. 4/27/55

Telegraphic transmission and classification approved by:

John Foster Dulles

- 3 - The Secretary (in substance)
- 6 - Mr. Murphy
- 6 - Mr. MacArthur

Mr. T. L. ...
Mr. ...
S/P - Mr. ...
941

RE: PSA-General Collins

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leaves and new Prime Minister installed, to prevent clear Binh Xuyen GTE victory UNCTE over Diem which would rise to plague successor.

3) If Bao Dai gives adequate assurances, Collins and Ely should immediately help the Vietnamese work out the new alignment, urge Diem to serve in a new capacity, if he will, and provide full support for the new government. If Diem refuses, the program should nevertheless be carried out anyway.

4) While the Vietnamese in Saigon should ~~remain~~ be the framers of a new government, Collins and Ely will probably have to be in practice the catalysts. This may result in stories regarding a new Collins-Ely GTE formula UNCTE but we should make every attempt to keep the Vietnamese label.

5) General Collins and Ely should inform Diem that as a result of his inability to create a broadly based coalition government, and because of Vietnamese resistance to him, their governments are no longer in positions to attempt to prevent his removal from office. Diem's patriotic qualities are of great potential value to Vietnam and it is hoped he will lend his services to any new government which might be appointed.

6) Collins and Ely together speaking for their governments may be able to elicit ^{outlined sub-para 4 above} ~~their~~ formula from Vietnamese political leaders behind the scenes. If those leaders, including Diem if practicable, adopt such a formula, they could ask Bao Dai to countersign it. If the Vietnamese consulted cannot agree among themselves on a candidate, then Ely and Collins will have to recommend a name for Bao Dai to designate to form a new government under the proper terms and conditions.

B. Our tentative proposals on a new government are as follows:

1) Cabinet: The executive authority of full powers with Do or Quat as president and vice president, respectively, composed of small nucleus of most able nationalist leaders. It would be highly desirable if the cabinet itself could include some from Diem's cabinet and some new faces. It would operate as an interim coalition government until a fully elected National Assembly is constituted. The immediate tasks of the new cabinet would be (a) resolution of sect problem, (b) completion of reform of the armed forces and police, (c) satisfactory resettlement of present and future refugees, (d) energetic political program in provinces, (e) more active international policy in Southeast Asia, and (f) consultation with the Viet Minh on Geneva elections in 1956 and preparations for elections and a constituent assembly in Free Viet-Nam at some later time.

2) Consultative Council: An advisory body of 25-35 leading personalities and group representatives, including the sects. Diem should be persuaded if possible to accept the chairmanship of this council. Its principal function would be to generate spirit of unity and cooperation among the people and groups throughout Free Vietnam. At the request of the president or the cabinet, it would advise the president and cabinet on major matters of state. It should have no executive or administrative functions. It should continue until the constitution of a permanent structure of government by a constituent assembly.

3) Provisional National Assembly: This quasi-legislative body of elected and appointed candidates already envisaged and scheduled to be set up

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should be formed and convoked as soon as possible once a new cabinet is in office. It would review the budget and designate a special committee to draft plans for a constituent assembly.

D. Dulles

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OFFICE MEMORANDUM

United States Government

TO: FE - Mr. Robertson.

DATE: April 30, 1955

FROM: PSA - Kenneth T. Young, Jr.

SUBJECT: Report on Collins Visit and Viet-Nam Situation

1. Collins arrived Thursday, April 21, and left early Friday morning, April 29. He had lunch with the President April 22, saw the Secretary for the first time at a long luncheon meeting April 25. We also met with the Secretary Tuesday, Wednesday and Thursday. We spent all day Friday, April 22, meeting with Collins with Defense and CIA represented. He reiterated even more vigorously and firmly his view, strongly backed by Sturm, that Diem must be replaced and that a plan of action should go into effect immediately. They both favored Quat. None of the questions or alternate considerations expressed by any of us at that or any subsequent meetings changed Collins' view. Monday morning, April 25, we had a working meeting with him at which I proposed basic question, do we or do we not support some political change in Saigon, and (b) a specific plan of change. The reports at that time from Saigon showed Diem was steadily slipping. In the face of the adamant view of Collins and Sturm most of us reluctantly accepted the need for a change, but we all insisted that we stay with Diem at least for the first innings. Collins and particularly Sturm, rejected our proposition in any shape or form. The basic shift in our approach was taken at a long luncheon meeting with the Secretary. Unfortunately neither Bob Hoey nor I were invited to attend. Bill Sebald can fill you in on this. The Secretary took the position we would support Diem until and unless genuinely Vietnamese elements turned up with another acceptable solution. Collins and Sturm later told the working group this was an impossible condition.

2. The rest of Monday, Tuesday and Wednesday we spent working up two long and complicated telegrams to Paris and Saigon. At a full meeting with the Secretary, Mr. Hoover and Allen Dulles late Tuesday afternoon they were approved. Collins fully endorsed these telegrams after he and Sturm had eliminated our proposal to try again to keep Diem as head of a coalition government. These telegrams envisaged a gradual and rather complicated shift of our position in carefully worked out stages. As we suspected at the time, they were immediately overtaken by events. None of us really believed in them but we were faced with Collins' strong recommendations and the fact that he had been to the White House the first day after his arrival. In any event, this shift has never been carried out. Although the telegrams were sent to Paris and Saigon, we have put out a stop order holding up action on them indefinitely.

3. Wednesday, April 27, Diem changed the police chiefs and Thursday the Binh Xuyen began military action against the government. Ely and the French have been putting the full blame for this situation on Diem, as they tried to do for the March 29-30 incident. Events have moved very

rapidly since then. The national army has seemed to be winning, groups are rallying to Diem, Bao Dai is getting set to fire Diem, and the French have in effect withdrawn their support from Diem. All reports from Saigon indicate there is a revolutionary feeling developing against Bao Dai and the French. Some of this is instigated by the Diem group but some of it may be spontaneous. As of this writing we may be faced with a choice between Diem and Bao Dai. In view of the fighting, we have felt in State it was best to continue support for the government under Diem and see what happens. But as this crisis develops we are being forced to take a more and more unequivocal and strong stand for Diem.

4. Senator Mansfield issued a long statement in support of Diem on April 29. If Diem is forced out, Mansfield would have us stop all aid to Viet-Nam except of a humanitarian nature. Senators Knowland and Humphrey have also backed Diem. A large number of members of the House Foreign Affairs Committee after hearing Collins have informed the Department through Congresswoman Kelly that they would not favor the State Department withdrawing support from Diem. Collins met with the Far East Subcommittee of the Senate Foreign Relations Committee, separately with Senator Mansfield and with about a dozen of the House Committee. While he and Sturm felt these legislators would give no trouble, Sturm informing us after seeing Senator Mansfield that there was nothing to it, Bob Hoey and the rest of us here were much less sanguine about legislative feeling. In fact there is going to be real difficulties on the Hill if Diem is forced out by what appears to be French-Bao Dai action.

5. During the past ten days the French have been quiet with us, but working behind the scene. Kidder reports Ely as almost hysterical. Bao Dai has been active, as he has submitted one plan to us and has also taken another action publicly. Both of these are almost identical with plans or ideas which French officials had submitted to us several weeks ago. If there were any notion that Bao Dai acts independently of the French and Ely, that should now be dispelled. However, Prime Minister Faure has indicated to Dillon that he does have no stomach for going off independently of the US in Free Viet-Nam. They will follow our lead even though they don't like the idea, providing the situation is not so bad in Saigon that they have to move out French military and civilian personnel. We have asked for pretty fundamental reassurances on basic French intentions in Viet-Nam, we got them orally for whatever they may be worth.

6. We are in a bewildering, fluid situation. I believe more strongly than ever that we should stick with Diem now. Collins says he is a terrible administrator and it will wreck Free Viet-Nam if we leave him in. That may be true but that is not the issue at present. If Diem can lead the nationalist forces to a conclusive settlement, even to the point of rendering Bao Dai ineffective or annulled, we should continue to support him. The key questions are:

- a) Will the Vietnamese National Army as a group stick with Diem?
- b) Will the Binh Xuyen be broken up into isolated remnants?
- c) Will enough nationalist groups including sect leaders rally to the government even against Bao Dai?
- d) Will Bao Dai fire Diem, even if the answers to the above three questions are clearly enough in the affirmative.

What I am afraid of is that the combination of continuing forces coalesced around Diem on the one hand and Bao Dai on the other may not enjoy preponderant strength.

7. There are possibly serious anti-French overtones in the Vietnamese political situation. These also include anti-Bao Dai feelings. We must not take any action which would tar us with the same accusations. General O'Daniel, our three Attaches, and Lansdale informed us on April 30th that "any change in leadership or command at this time could result in chaos".

8. There are some personal aspects that I would like to take up with you privately.

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SENT DEPARTMENT 4746; REPEATED INFORMATION SAIGON
FOR YOUNG FROM GIBSON

Bureau of
THE EASTERN HEMISPHERE
MAY 2 - 1955

This Document Must Be Returned to
EAST 16.00/4-3055
Central
Files

FOLLOWING IS SECOND MESSAGE DRAFTED IN NICE APRIL 29 AFTER
SECOND INTERVIEW WITH NGUYEN DE AND BAO DAI, RESUME OF WHICH
TELEPHONED TO YOUNG EVENING APRIL 29.

1. AFTER RECEIPT DEPTTEL 27 TO NICE AND WORD RECEIVED BY TELEPHONE
FROM PARIS THAT AMB DILLON HAD CALLED ON FAURE PURSUANT TO DEPTTEL
3849 (RESULTS REPORTED EMBTEL 4740, SAIGON 637), GIBSON CALLED
ON FILI NGUYEN DE AND THEN IMMEDIATELY FOLLOWING ON BAO DAI.
2. WE INFORMED DE THAT AMBASSADOR HAD SEEN FAURE AND REVIEWED
WITH HIM IMPORTANT ASPECTS FRANCE-U.S. POLICY VIETNAM. WE
REFERRED TO NECESSITY THAT BAO DAI, AS WELL AS FRENCH, GIVE FULL
SUPPORT TO LEGALLY CONSTITUTED GOVT. VIETNAM.
3. WE THEN HAD GENERAL REVIEW WITH DE IN COURSE OF WHICH WE
MADE POINTS TO HIM GIVEN TO US OVER TELEPHONE FROM WASHINGTON.
WE EMPHASIZED THAT ANY FURTHER STEPS TOWARD SOLUTION VIETNAM
CRISIS MUST BE MADE ON INITIATIVE VIETNAMESE NATIONALISTS
THEMSELVES. WE EMPHASIZED U.S. VIEW THAT PRESENT GOVT. AS LEGALLY
CONSTITUTED GOVT. MUST BE SUPPORTED AS LONG AS IT REMAINS
SUCH AND THAT URGENT PROBLEM IS TO DEAL WITH PRESENT CIVIL
WAR AND NOT QUESTION OF FORM OF ANY NEW GOVT.
4. DE AGREED FULLY WITH OUR REMARKS POINTING OUT THAT BAO
DAI'S DECISIONS OF PREVIOUS DAY WERE IN KEEPING WITH THESE
PRINCIPLES. HE HAD MADE CLEAR TO DIEM IN SUMMONING HIM TO
CANNES BEFORE OTHER VIETNAMESE AND IN SENDING PERSONAL PLAKE

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TO FETCH

NOV 29 1955

TOP SECRET

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-2- 4746, APRIL 30, 8 PM, FROM PARIS (SECTION 1 OF 2)

TO FETCH HIM THAT HIS STATUS AS PRIME MINISTER REMAINED UNALTERED. BAO DAI RECARDED PRESENT CRISIS AS BEING IN TWO PHASES: FIRST, TO BRING ABOUT END OF PRESENT CIVIL WAR AND SECOND, TO DEAL WITH QUESTION OF GOVERNMENTAL REFORM. FIRST WOULD HAVE TO BE SETTLED NOW, SECOND COULD BE DEALT WITH LATER.

5. THENCEFORTH, AND IN CONVERSATION IMMEDIATELY FOLLOWING WITH BAO DAI INTERVIEW CONCERNED WITH BAO DAI'S OBSERVATIONS ON HOW TO PUT END CIVIL WAR RATHER THAN ANY QUESTIONS ALTERNATE GOVT. OR OTHER ASPECTS BAO DAI "PLAN".

6. BAO DAI STATED IN STRONG TERMS HE WISHED U.S. TO TAKE IMMEDIATE STEPS PERSUADE DIEM TO COME TO FRANCE TO RECEIVE VIETNAMESE LEADERS WITH HIM AND DISCUSS MEANS ENDING PRESENT CRISIS. HE STATED THAT CORRECTLY OR INCORRECTLY DIEM HAS CLAIMED THAT HE HAS HAD U.S. SUPPORT IN STEPS HE HAS TAKEN DURING LAST FEW WEEKS WHICH HAVE LED TO PRESENT BLOODSHED. HE VIOLATED TRUCE AND AT LEAST HIS BROTHERS IF NOT HE HIMSELF CLAIMED THAT HE DID SO WITH AT LEAST PASSIVE U.S. SUPPORT. IT WAS ALREADY BEING SAID, BAO DAI CLAIMED, THAT U.S. HAD "BY ITS REFUSAL TO COUNTENANCE ANY ACTION BUT BLIND SUPPORT FOR DIEM ALLOWED PRESENT ABCESS TO FESTER UNTIL IT HAD BURST IN FORM PRESENT CIVIL WAR AND THAT U.S. HAD PURPOSELY DONE THIS IN HOPE DIEM WOULD TAKE ARMED ACTION. THIS ACTION HAD RESULTED IN DEATHS OF HUNDREDS OF INNOCENT PEOPLE AND WASTE OF NATIONAL FORCE NEEDED TO FIGHT COMMUNISM. U.S. IN ACTION COULD NO LONGER BE ADMITTED".

7. ALL OF THIS WE DENIED, POINTING OUT AGAIN THAT GENERAL COLLINS AND EMBASSY SAIGON HAS CONSISTENTLY URGED RESTRAINT ON GOVT. BAO DAI CONTINUED, STATING THAT U.S. RESPONSIBILITY IN PRESENT SITUATION WAS HEAVY. HE HAD PUT OFF TAKING ACTION HE HAD WISHED TO TAKE WHICH MIGHT HAVE SERVED TO AVOID PRESENT BLOODSHED AT U.S. REQUEST. ON TWO SUCCESSIVE DAYS U.S. HAD ASKED HIM TO REFRAIN FROM TAKING DECISIVE ACTION ON EXCUSE WASHINGTON WAS STUDYING PROBLEM WITH GENERAL COLLINS THERE AND WOULD HAVE SOMETHING TO SAY SHORTLY. ON APRIL 26 AND 27 BAO DAI HAD AGREED TO OUR REQUESTS AND HAD NOT TAKEN ACTION

WHICH

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WHICH HIS JUDGMENT INDICATED WAS NECESSARY. ON APRIL 28 HE WAS FORCED TAKE MATTERS INTO HIS OWN HANDS DESPITE THIRD SUCCESSIVE REQUEST DELIVERED IN CANNES ON APRIL 28 AFTER SHOOTING HAD ALREADY STARTED. IN HIS OPINION IF HE HAD ACTED LAST WEEK HUNDREDS OF LIVES WOULD HAVE BEEN SAVED. IF U.S. WAS REALLY NEUTRAL IN MATTER IT MUST TAKE STEPS TO AVOID GIVING OPPOSITE IMPRESSION HE ADDED. MOREOVER, IF U.S. DID NOT WISH TO STAND BY AND WATCH STATE OF CIVIL WAR ESTABLISHED IN VIETNAM, WHICH WOULD LAST UNTIL VIETMINH WON COMPLETE CONTROL, WE MUST HELP IN BRINGING AN END TO THAT CIVIL WAR. WAY TO DO THIS IS TO INFLUENCE DIEM TO LAY DOWN ARMS AND COME TO FRANCE TO CONSULT WITH OTHER VIETNAMESE ANTI-COMMUNIST NATIONALISTS. MOMENT HE DOES, OPPOSITE SIDE WILL LAY DOWN THEIR ARMS, HE CLAIMED.

8. BAO DAI ALLEGED THAT RESISTANCE TO DIEM IS SO UNIVERSAL IN VIETNAM THAT SUPPORT OF DIEM WAS SERVING DISCREDIT U.S. IN EYES OF VIETNAMESE PEOPLE. DIEM WILL UNDOUBTEDLY SUCCEED IN DRIVING SECTS OUT OF SAIGON OR AT LEAST IN SUPPRESSING MILITARY FORCES THERE BUT THEY WILL SIMPLY GO TO PROVINCES WHERE DIEM HAS NO CONTROL.

9. IN BAO DAI'S OPINION DIEM HAS NOW BECOME A PSYCHOPATH WHO WISHES TO MARTYRIZE HIMSELF EVEN AT PRICE OF THOUSANDS OF LIVES AND NATIONAL TREASURY. HE ENJOYS THOUGHT THAT HIS LIFE IS IN DANGER AND WOULD WELCOME MARTYRDOM WHICH IS INDEED WHAT HE WILL GET, SAID BAO DAI; FOR FEELING IS SO INTENSE AGAINST HIM THAT SOMEONE IS BOUND TO ASSASSINATE HIM IN NEAR FUTURE IF HE PERSISTS IN TRYING TO ESTABLISH HIS RULE BY FORCE "WITH THE SUPPORT OF NO ONE BUT HIS OWN FAMILY AND THE U.S.", BAO DAI SAID.

10. BAO DAI SPOKE OF DIEM'S ROLE AS A CATHOLIC, STATING THAT LATTER REGARDED HIS TASK AS LEADING A HOLY WAR. INSTEAD OF DOING THAT, HE HAD TURNED VIETNAMESE AGAINST CATHOLICISM. BAO DAI SAID HIS WIFE'S OWN FAMILY HAD BEEN CATHOLIC FOR GENERATIONS AND NOW REPORTED IT WAS UNSAFE TO GO OUTSIDE SAIGON

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IF YOU WERE KNOWN TO BE A CATHOLIC BECAUSE OF THE ENMITY
AGAINST DIEM.

DILLON

PAF/32

NOTE: MR. HOEY (PSA) INFORMED 8:30 PM, 4/30/55- CWO/FED

26
action

FM
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FROM: PARIS

TO: Secretary of State

NO: 4746, APRIL 30, 8 PM, (SECTION 2 OF 2)

IAC

SENT DEPARTMENT 4746; REPEATED INFORMATION SAIGON 690.

Control: 16948

Rec'd: APRIL 30, 1955

6:19 PM

8473

Bureau of
Foreign Information
MAY 2 - 1955

11. WE REFERRED TO DIEM'S REFUSAL TO OBEY BAO DAI'S SUMMONS. BAO DAI STATED THAT IT DID NOT SURPRISE HIM. HE HAD EXPECTED IT AND, IN A SENSE, WELCOME IT AS IT MIGHT SERVE TO CLEAR THE AIR AND PROVE TO PEOPLE THAT DIEM IS NOT ACTING AS SERVANT OF THE STATE AS HE CLAIMED BUT RATHER AS A SELF-SEEKING WAR LORD WHO WISHED TO ERADICATE ALL OPPOSITION AND HOLD TOTAL POWER WITHIN HIS OWN HANDS AND THAT OF HIS FAMILY. BAO DAI WOULD STAKE HIS INFLUENCE WITH PEOPLE AND VIETNAMESE NATIONALISTS AGAINST DIEM'S.

12. WE ASKED WHAT BAO DAI INTENDED TO DO IF DIEM CONTINUES TO DISOBEY HIS ORDERS. BAO DAI STATED HE WOULD TAKE LEGAL STEPS TO HAVE HIM DECLARED A REBEL AND WOULD THEN PROCEED TO UNITE THE COUNTRY AGAINST HIM UNTIL HE WAS REMOVED FROM POSITION HE WAS USURPING. WE ASKED BAO DAI IF HE INTENDED TO DO THIS IN PERSON AND IF SO, WOULD IT MEAN A PROMPT RETURN TO SAIGON. HE ANSWERED THAT IT MEANT THAT HE MIGHT RETURN TO SAIGON IN THE NEAR FUTURE TO LEAD THE FIGHT BUT THAT WOULD BE DEPENDENT ON THE ALLEGIANCE OF THE NATIONAL ARMY. MOREOVER HE WOULD TAKE NO SUCH STEP WITHOUT CONSULTING VIETNAMESE LEADERS, WHOM HE HAD SUMMONED TO FRANCE NEXT WEEK IN ADVANCE.

13. WE ASKED WHAT EFFECT DIEM'S REFUSAL TO OBEY HIS ORDERS WOULD HAVE ON ARRIVAL IN FRANCE OF OTHER VIETNAMESE PERSONALITIES. BAO DAI SAID HE HOPED THAT THEY WOULD ALL COME AS IT WAS NOW MORE ESSENTIAL THAN EVER THAT THEY BE CONSULTED IN ORDER THAT COUNTRY COULD NOW ACHIEVE THE UNITY DIEM HAD FAILED TO ACHIEVE. WE ASKED FOR A LIST OF THOSE INVITED AND IT WAS SUPPLIED (BEING CABLED SEPARATELY). IT IS NOTED THAT CONTRARY TO BAO DAI'S FIRST STATEMENT APRIL 28 SECTS HAVE NOW BEEN INVITED AND ALL FORMER PRIME MINISTERS EXCEPT TAM ARE INCLUDED. QUAT AND DO AS WELL. BISHOP LE HUU TUU HAS BEEN INVITED BUT IT IS NOT CERTAIN HE CAN COME. THE LIST INCLUDES BUDDHISTS, CATHOLICS, ARMY REPS;

PERMANENT

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TRADE UNIONISTS

COPY, IF CLASSIFIED

TRADE UNIONISTS, PEASANTS, ETC. BAO DAI SAID IT WAS HIS INTENTION TO MAKE REPRESENTATION BROAD AS POSSIBLE.

14. BAO DAI STATED THAT HE HAD DECIDED ON HINH AS SPECIAL EMISSARY TO SECTS. WE POINTED OUT THAT THIS DECISION WOULD COME AS GREAT SHOCK TO AMERICAN PUBLIC OPINION WHO LOOKED UPON HINH AS REBEL AGAINST GOVERNMENT. HE HAD HAD TO BE REMOVED FROM SAIGON FOR THAT REASON. IT WOULD BE INTERPRETED AS A SIGN THAT BAO DAI WAS SENDING HINH AS MEANS UPSETTLING NATIONAL ARMY'S LOYALTY TO GOVERNMENT. BAO DAI SAID THESE WERE INTERPRETATIONS HE COULD NOT HELP AND THAT CIRCUMSTANCES NO LONGER PERMITTED HIM TO BE INFLUENCED BY THEM. FACT WAS, HE SAID, THAT HINH ENJOYED MOST SUPPORT IN VIETNAM MILITARY CIRCLES OF ANY VIETNAMESE GENERAL. HE HAD BEEN REMOVED FROM VIETNAM BY BAO DAI AT OUR REQUEST IN ORDER GIVE DIEM FREE HAND IN ESTABLISHING HIS AUTHORITY OVER THE ARMY AND IN REESTABLISHING LAW AND ORDER AND A GOVERNMENT OF NATL UNION. BAO DAI REMOVAL OF HIM WAS BEST EXAMPLE OF EXTENT OF EFFORT TO GIVE DIEM EVERY CHANCE. DIEM HAD CONSISTENTLY FAILED. NOW IT WAS BAO DAI'S PURPOSE TO END PRESENT BLOODSHED BY REMOVING DIEM FROM SCENE AND THUS PREVENTING NATIONAL ARMY FROM TAKING FURTHER ARMED ACTION. AT SAME TIME, HE MUST MAKE CERTAIN THAT SECTS WOULD DESIST FROM SIMILAR ARMED ACTION. HE HAD ALREADY TAKE STEPS TO ACCOMPLISH FORMER BY DECREE. ONLY WAY HE COULD ASSURE LATTER WAS BY FORCE HIS OWN AUTHORITY BACKED UP BY THAT OF MAN WHO HAD GREATEST INFLUENCE. MAN WAS HINH. HINH WILL CARRY BAO DAI'S ORDERS FOR INTEGRATION OF SECT FORCES INTO NATIONAL ARMY AND BAO DAI GUARANTEES SECTS WILL OBEY HIM AND MESSAGE HINH CARRIES IF DIEM IS REMOVED FROM SCENE.

15. AT THIS STAGE OF INTERVIEW, BAO DAI BECAME SO EXCITED THAT AT TIMES HE COULD BARELY TALK. HE SAID THAT NO MAN HAD EVER ENJOYED THE POWERS WHICH DIEM HAD HAD FROM VERY BEGINNING. BAO DAI HAD TRANSFERRED ALL HIS POWERS TO HIM. HE WAS FULLY BACKED BY BOTH FRANCE AND U.S. HE WAS GIVEN LARGE SUMS OF MONEY AND HIS MILITARY FORCES WERE CLOTHED, FED AND EQUIPPED BY FOREIGNERS. HE WAS CONSTANTLY HELPED BY FOREIGNERS TO DO THINGS HE WAS INCAPABLE OF DOING HIMSELF. GENERAL COLLINGS AND ELY AND BAO DAI HAD ALL BEEN IN HIS SERVICE. EVEN CHIEF OF STAFF OF THE VIETNAM ARMY WAS REMOVED FROM SCENE BECAUSE DIEM

DIDN'T

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DIDN'T LIKE HIM. NOW THINGS HAD GONE TOO FAR AND CONSIDERATION HAD TO BE TAKEN OF WHAT WAS BEST FOR VIETNAMESE PEOPLE AND NOT WHAT WAS BEST FOR DIEM AND HIS FAMILY. VIETNAM WAS SUPPOSEDLY AN INDEPENDENT COUNTRY: SHE MUST THEREFORE MAKE HER OWN DECISIONS. BAO DAI WAS CHIEF OF STATE, AND INTENDED TO CARRY OUT HIS RESPONSIBILITIES AS SUCH.

16. WE ASKED WHAT BROTHER LUYEN WAS STILL DOING IN CANNES AND WHETHER HE WAS SERVING AS INTERMEDIARY BETWEEN BAO DAI AND DIEM. AT THIS POINT BAO DAI REALLY EXPLODED AND STATED THAT BROTHER LUYEN HAD COME TO CANNES NOT FOR ANY PATRIOTIC PURPOSE AS "DIEM UNDOUBTEDLY HAD TOLD AMERICANS IN SAIGON," BUT RATHER ON SECRET MISSION FROM DIEM TO ATTEMPT TO BUY BAO DAI. SOME DAYS AGO BEFORE ANY ACTION HAD BEEN TAKEN TO SUMMON DIEM TO FRANCE OR OTHERWISE BAO DAI SAID LUYEN ARRIVED UNINVITED IN CANNES, BAO DAI KEPT HIM WAITING AND WHEN HE FINALLY RECEIVED HIM, LUYEN OFFERED BAO DAI THE SUM OF THREE HUNDRED MILLION FRANCS IF HE WOULD AGREE NOT TO TAKE ANY ACTION WHICH WOULD AFFECT STATUS OF DIEM OR PREVENT HIM FROM ESTABLISHING HIS AUTHORITY BY FORCE. BAO DAI COMMENTED WITH INDIGNATION THAT, OF COURSE HE HAD REFUSED AND "THROWN LUYEN OUT OF THE HOUSE" BUT HE WAS STILL "GROVELLING" AROUND. HE STATED THAT LUYEN HAD MADE VARIOUS ALLEGATIONS OF HIS CLOSE RELATIONS WITH "AMERICANS" IN SAIGON.

17. AT END OF INTERVIEW BAO DAI ASKED IF WE COULD GIVE HIM ANY FURTHER WORD ON WASHINGTON'S REACTION TO PLAN SUBMITTED WEEK AGO. WE EXPLAINED ONCE MORE THAT GENERAL COLLINS WAS LEAVING WASHINGTON THAT DAY FOR SAIGON WHICH WAS SUFFICIENT EVIDENCE OF WASHINGTON'S RECOGNITION OF EMERGENCY NATURE OF SITUATION THERE IT WAS OBVIOUS THAT NO DECISIONS WOULD NOW BE REACHED UNTIL GENERAL COLLINS HAD ARRIVED IN SAIGON AND COULD CONFER THERE WITH EMBASSY AND ELY. IN MEANWHILE WE INFORMED BAO DAI THAT HIS OBSERVATIONS WOULD BE PASSED TO DEPT IN THEIR ENTIRETY.

18. BAO DAI SAID HE WOULD SEND DE BACK TO PARIS MONDAY IN ORDER TO REMAIN IN TOUCH WITH US AND TO RECEIVE ANY OBSERVATIONS WASHINGTON CARED TO MAKE TO HIM. AT SAME TIME HE WOULD INSTRUCT DE TO KEEP US AU COURANTE.

DILLON

PAF/32

NOTE: MR. HOEY (PSA) INFORMED 6:30 PM 4/30/55 -- CWO/FED

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SPECIAL

NATIONAL INTELLIGENCE ESTIMATE

NUMBER 63.1-2/1-55

THE CURRENT SAIGON CRISIS

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 2 May 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

AF602000

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DIRECTOR OF INTELLIGENCE

U.S. AIR FORCE

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THE AIR FORCE

THE CURRENT SAIGON CRISIS

THE PROBLEM

To assess the implications of recent developments in Saigon and to estimate the probable actions of interested parties in the current crisis.

THE ESTIMATE

IMPLICATIONS OF CURRENT DEVELOPMENTS IN SAIGON

1. The success of Premier Diem in operations against the Binh Xuyen, and in his stand against Bao Dai, the French, and General Vy, has created a new and potentially revolutionary situation in Vietnam. While the situation in Vietnam is extremely fluid, Diem appears to hold the initiative in the phase that is about to begin. In this phase, the interested parties—particularly the French and Bao Dai—will have to adapt themselves to a radically new political situation dominated by Diem or by more extreme nationalist elements. If they do not adapt and if there are any substantial efforts by Bao Dai or the French to frustrate Diem's government, the chances of anti-French violence and the deposal of Bao Dai would be greatly increased.

2. Diem's relations with the Revolutionary Council which has been actively injecting itself into this situation have not yet been clarified. This council, designated by a self-appointed assembly, takes a more extreme position than Diem, particularly in regard to the withdrawal of French forces and the immediate deposal of Bao Dai. It is dominated by Cao Dai generals Trinh Minh The and Nguyen Thanh Phuong and by Hoa Hao General Ngo and includes a number of extreme nationalist politicians. General Ely now charges that the Council is Communist infiltrated but so far has not produced evidence to substantiate this charge. We have no significant evidence to indicate that any of the

members of the Council are Communist. In a proclamation the Council announced a broad program couched in social revolutionary terms but including a denunciation of "red colonialism" in North Vietnam. Its activities have been denounced by the Communist radio in Hanoi as have those of Premier Diem.

PROBABLE COURSES OF ACTION OF INTERESTED PARTIES

3. *Premier Diem.* The virtual expulsion of the Binh Xuyen from Saigon-Cholon has increased Diem's prestige throughout Vietnam. The confidence of Diem and his supporters in their own strength, judgment, and popular appeal has been considerably enhanced. In this situation, Diem will almost certainly continue to resist any efforts to remove him from office.

4. His actions and those of his followers have taken on an increasingly nationalistic, anti-French tone over the past few days and Diem may now be convinced that a continuation of this anti-French policy is essential to the rallying of popular support. Nevertheless, he has exercised a moderating influence on the anti-French and anti-Bao Dai position of the Revolutionary Council. However, if he believed the French were continuing their efforts to depose him, he would almost certainly permit intensified anti-French manifestations. Such a course would carry grave dangers of anti-French violence, particularly in Saigon.

5. So far, Diem and his principal Vietnamese National Army (VNA) leaders have appeared desirous of maintaining good relations with the French. Diem's attitude toward Bao Dai has been less clear and there have been indications that he has been considering the suggestions of the Council that Bao Dai be deposed. He may be using ultranationalism to bring pressure against Bao Dai and the French. If he is thwarted in his objectives by the French or by Bao Dai, he will become more susceptible to pressures toward extreme action.

6. Diem has rallied additional support during the current military phase, and from this position of strength, Diem will almost certainly continue to gain adherents, including defections from among the Binh Xuyen and the sects.

7. *The Vietnamese National Army.* Aside from the French Army, only the VNA presently has the capability to enforce Bao Dai's authority in Saigon or to back Diem in defiance of Bao Dai. There are some VNA officers who dislike Diem and who are concerned by the developing rift between Diem and Bao Dai. On the other hand, there is considerable pro-Diem, nationalist sentiment in the army; Diem has gained additional support as a result of clearing the Binh Xuyen from Saigon; and most importantly, the VNA units in the Saigon area appear to be loyal to Diem.

8. If Diem should move precipitously to depose Bao Dai, or if Bao Dai attempted to oust Diem, some elements of the army might remain loyal to Bao Dai and attempt to overthrow Diem. We believe such efforts would be unsuccessful, however, even if General Hinh had entered the country to rally support for Bao Dai.

9. *Bao Dai.* As a result of Diem's stand against Bao Dai and because of the latter's involvement in what many Vietnamese nationalists consider to be a French-inspired political maneuver, Bao Dai's prestige has been greatly reduced, whatever the outcome of the present crisis. Bao Dai's authority can only be enforced at this juncture by the force of French arms and any such action would

almost completely discredit him in Vietnam. 10. There appears to be considerable sentiment for the deposition of Bao Dai, and if Diem gives his consent such action may be taken at any time. For the present, Bao Dai apparently feels that the tide is running with Diem, and is attempting to preserve the institution of the monarchy by accepting the continuation of the Diem government.

11. *The French Government.* The French will find it difficult to accept Diem's success which came despite their strong and well-publicized opposition. We believe that fear of large-scale violence and of adverse domestic and world reactions will cause the French to refrain from overt action in Saigon to restrain the VNA or to remove Diem, unless the situation should threaten serious loss of French lives. However, the extent to which the French permit the VNA freedom of action and the nature of their dealings with the Binh Xuyen and Bao Dai can still have an influence on the outcome of the immediate situation. Furthermore, we believe that the French will continue pressures for Diem's removal; some French elements in Vietnam are likely to continue their covert assistance to Diem's enemies. If the French believe that Diem will succeed in consolidating his position, they may decide that they have no choice except to repair their position with Diem as best they can while making plans for accelerated withdrawal of their forces.¹

12. *The Binh Xuyen.* The military potential of the Binh Xuyen will depend on the extent of support they receive, directly or indirectly, from the French and the Hoa Hao. It appears that the morale of the Binh Xuyen troops is low, a number have already defected, and that many of the troops may be susceptible to peace

¹The Special Assistant, Intelligence, Department of State, believes that the last sentence of this paragraph understates the difficulty the French would have in accommodating to a strong, anti-French government in South Vietnam, and therefore believes the sentence should read: "If these efforts are unsuccessful and Diem appeared to be consolidating his position, the French in the end may decide that they have no choice except to step up the withdrawal of their forces from Vietnam."

offers from the government. We believe that a considerable number of the Binh Xuyen may attempt to resume their life of piracy and extortion. The VNA should be able to reduce the Binh Xuyen to the level of a local nuisance.

13. *The Sects.* We believe that for the immediate future the Cao Dai military forces under Generals The and Phuong will continue actively to support Diem against the Binh X. en and Bao Dai. The Hoa Hao are unlikely to play an important role in the immediate situation, although the Ba Cut forces may continue their terrorist operations.

14. *The Viet Minh.* The Viet Minh probably fear that Diem's continuation in office would limit the prospects of a peaceful unification of Vietnam under terms favorable to the Communists. They will probably continue covert efforts in South Vietnam to keep the situation agitated. The Communists almost certainly will not invade South Vietnam in the near future.

GENERAL OUTLOOK

15. In present circumstances, we do not believe that Diem could be persuaded voluntarily

to resign. If he were forced from office, many of Diem's followers would probably undertake revolutionary opposition, including maquis resistance, to the successor regime. Some VNA elements in Saigon and in central Vietnam would probably join these elements in resisting the new government.

16. Assuming that the US continues to support Diem, and that the French acquiesce, we believe the situation will stabilize in Saigon under Diem's control. Diem's talents as an administrator are unlikely to improve. His success, achieved largely on his own initiative and with his own resources, is likely to make him more independent and less amenable to policy guidance. Diem's government will still be confronted with manifold internal problems — e.g., integration of the sects, resettlement of refugees, land reform, extension of government authority in the provinces, and training of the army. Although Diem has improved his position, we believe that it will still be extremely difficult, at best, for Diem or any Vietnamese government to build sufficient strength to meet the long-range challenge of the Communists.

INCOMING TELEGRAM

DEPARTMENT OF STATE

ACTION COPY

FROM: PARIS

Rec'd: MAY 8, 1955
5:37 PM

TO: Secretary of State

NO: SECTO 8, MAY 8, 5 PM (SECTION ONE OF THREE)

PRIORITY

SENT DEPARTMENT SECTO 8, REPEATED INFORMATION PRIORITY
SAIGON 716.

FOLLOWING IS SUMMARY CONVERSATIONS ON INDOCHINA HELD WITH
BRITISH AND FRENCH THIS AFTERNOON. FRENCH DELEGATION HEADED
BY PRIME MINISTER FAURE, BRITISH BY FENNIN MACMILLAN AND US BY
SECRETARY. DURING FIRST PART OF CONVERSATIONS BRITISH WERE
ABSENT, JOINING LATER AS NOTED.

FAURE OPENED CONVERSATIONS BY REFERRING TO RATIFICATION PARIS
AGREEMENTS AND DIFFICULTIES FRENCH GOVT HAD ENCOUNTERED IN
PROCESS. HE OBSERVED THAT PUBLIC OPINION MUST NOW BE SATIS-
FIED WITH EARLY FOUR-POWER TALKS. HE AGREED THAT WE WOULD NOW
BE TALKING FROM STRENGTH AND THAT PROSPECTS FOR SUCCESS WERE
THEREBY INCREASED. HE REFERRED TO CHINA AND TO FACT THAT
FRANCE WAS NOW IGNORING GOVT WHICH HAD IN HANDS FATE OF
HUNDREDS OF MILLION OF PEOPLE BECAUSE OF HER RECOGNITION OF
FACT THAT US VIEWS MUST BE TAKEN INTO ACCOUNT. HE REMARKED
THERE ARE NOW TWO AREAS OF PARTICULAR INTEREST TO FRANCE.
THEY ARE NORTH AFRICA AND VIETNAM. HE WOULD CALL UPON LAFOREST,
MINISTER OF ASSOCIATED STATES, TO GIVE OUTLINE FRENCH POSITION
ON LATTER.

SECRETARY REPLIED BY STATING THAT US RECOGNIZED COURAGEOUS
STEP FRANCE HAD TAKEN IN RATIFYING PARIS AGREEMENTS. BOTH HE
AND PRESIDENT APPRECIATED MAGNITUDE OF POLITICAL TASK. THEY
FELT STEP, HOWEVER, WAS IN FRANCE'S OWN INTEREST AS WELL.
SECRETARY EXPRESSED OPINION THAT IN RATIFYING FRANCE HAD
REAFFIRMED HER POSITION AS "ONE OF GREAT NATIONS OF WORLD".

LAFOREST THEN OPENED INDOCHINA DISCUSSION. HE STATED THAT
GENEVA ACCORDS HAD POSED SEVERAL QUESTIONS INCLUDING THAT OF

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HOW TO DEAL WITH FORTHCOMING ELECTIONS. DIVISION OF COUNTRY HAD GIVEN SOUTH VIETNAM DISADVANTAGE IN COMPETING WITH NORTH BUT WHAT SOUTH LACKED IN AREA AND POPULATION WAS COUNTER-BALANCED BY HER ECONOMIC SUPERIORITY. FRANCE BELIEVED THAT SOUTH COULD WIN OVER NORTH IN ELECTIONS IF SHE COULD PRESENT MORE ATTRACTIVE REGIME TO PEOPLE. THIS COULD BE DONE ONLY WITH NATIONALIST, STABLE AND BROADLY BASED GOVT. TIME WAS OF ESSENCE FOR DISCUSSIONS PRIOR TO ELECTIONS WHICH WOULD OPEN NEXT JULY AND ELECTIONS THEMSELVES IN JULY 1956. THERE WAS NO AMBIGUITY IN FRENCH POLICY BETWEEN NORTH AND SOUTH VIETNAM. PRESENCE OF FRANCE IN NORTH COULD NOT BE ERASED BY STROKE OF PEN. IT IS FRENCH DUTY TO PROTECT HER CULTURAL AND ECONOMIC PRESENCE THERE. SAINTENY MISSION IS DESIGNED FOR ONLY THAT PURPOSE. FRANCE HAD GIVEN UP THOUGHTS OF MIXED COMPANIES AS RESULT OUR OBJECTIONS AND HAD NOW SURRENDERED COAL MINES. SAINTENY MISSION WOULD BE MAINTAINED ON ITS PRESENT TERMS. IT WOULD BE NEITHER ENLARGED NOR CHANGED.

LAFOREST CONTINUED TO SAY THAT FRANCE HAD LOYALLY SUPPORTED GOVT OF DIEM FROM BEGINNING. ANY ALLEGATION TO CONTRARY IS UNTRUE. FRENCH CONSTANTLY TRIED TO REENFORCE DIEM GOVT. FRANCE REACHED AGREEMENT WITH US LAST DECEMBER TO PERSUADE "OR COMPEL" DIEM TO ENLARGE GOVT. IT WAS AGREED TO GIVE HIM UNTIL JANUARY AT WHICH TIME, IF HE HAD FAILED, WE WOULD LOOK INTO MATTER OF ALTERNATE DISCREETLY. THIS WAS NOT DONE. LAST MARCH PRESENT GOVT BROKE INTO OPEN CONFLICT WITH SECTS. UNITED FRONT OF SECTS WAS FORMED AGAINST DIEM. BOTH DECEMBER AGREEMENT AND COMMON SENSE TOLD US AT THAT TIME THAT SOMETHING TO BE DONE TO AVOID CIVIL WAR. FRANCE WARNED THAT ARMED CONFLICT - FIRST CIVIL WAR, THEN GUERRILLA WARFARE, THEN TERRORISM - WOULD RESULT IF WE FAILED TO TAKE ACTION. FRANCE HAS ALWAYS DESIRED PEACEFUL SOLUTION. FOR THIS REASON JOINT ELY-COLLINGS APPROACH WAS TRIED. IT WAS HOPED THEY WOULD ARRIVE AT JOINT PLAN FOR SOLUTION. WASHINGTON APPEARED FIRST TO WELCOME THIS CONCEPT THEN CHANGED ITS MIND. COLLINS LEFT SAIGON WHEN CIVIL WAR WAS ABOUT TO BREAK OUT. UNTENABLE TRUCES WERE DECLARED. WHEN THEY WERE ABOUT TO EXPIRE BAO DAI SUBMITTED HIS OWN PLAN ON APRIL 19 IN ORDER TO TRY TO RECONCILE US

AND FRENCH

-3- SECTO 8, MAY 8, 5 PM (SECTION ONE OF THREE), FROM PARIS

AND FRENCH FAILURE TO ACT. US FAILED TO REPLY TO BAO DAI.
IN ABSENCE OF COLLINS FROM SAIGON BAO DAI ACTED.

LAFOREST CONTINUED TO SAY THAT NEW REVOLUTIONARY COMMITTEE
APPEARED TO HAVE CONTROL. COMMITTEE IS STRONGLY UNDER VIET MINH
INFLUENCE. A MAN NAMED HOM PAN SON, STAFF OFFICER IN VIET-
NAMESE ARMY, EDUCATED IN CHINA WAS VICE-PRESIDENT OF REVOLU-
TIONARY COMMITTEE. NHI LANG WAS ONE OF VICE-PRESIDENTS OF
VIET MINH GOVT. DOAN TRUNG CON IS NOTORIOUS VIET MINH AGENT.
VIET MINH INFLUENCE OF "REVOLUTIONARY" GROUPS IS RECOGNIZABLE
THROUGHOUT AND THEIR INFLUENCE IS SPREADING TO COUNTRY. BAO
DAI'S DEPOSITION IS DEMANDED. THERE IS VIOLENT CAMPAIGN
AGAINST FRENCH AND FRENCH EXPEDITIONARY CORPS. VIET MINH
AGENTS MAKE GOOD USE OF IT AND CERTAIN AMERICANS DO NOT SEEM
SUFFICIENTLY AWARE OF THIS. FRENCH GOVT DOES NOT WISH TO HAVE
ITS ARMY ACT AS PLATFORM FOR VIET MINH PROPAGANDA. ARMY WILL NOT
BE MAINTAINED IN VIETNAM AT ANY COST. LAFOREST CLOSED BY
REFERRING TO GOVT CENSORSHIP AND SHOWED COPY OF SAIGON NEWS-
PAPER, HALF OF WHICH HAD BEEN CENSORED, AS EXAMPLE OF EXTENT
OF GOVT CENSORSHIP.

SECRETARY REPLIED REFERRING TO SERIOUSNESS OF SITUATION AND
NECESSITY THAT FRENCH AND US AS GOOD FRIENDS WORK CLOSELY.
TOGETHER. IT WOULD NOT BE PROFITABLE TO GO INTO DETAILED
CHARGES MADE AGAINST EACH OTHER IN TWO COUNTRIES. QUESTION IS
WHAT TO

DULLES

JNA:AB/32

FROM: Paris.

TO: Secretary of State

NO. SECTO 8, May 8, 5 p.m. (SECTION TWO OF THREE)

PRIORITY

SENT DEPARTMENT SECTO 8; REPEATED INFORMATION PRIORITY SAIGON 716.

what to do in face of present situation. He summarized present situation as follows:

- (1) There is a revolutionary movement under way in Vietnam,
- (2) We believe that Diem has the best chance of anyone of staying on top of revolution and keeping it within "tolerable" limits. Diem is only means US sees to save South Vietnam and counteract revolution. US sees no one else who can. Whatever US view has been in past, today US must support Diem wholeheartedly. US must not permit Diem to become another Karensky.

Regarding Bao Dai, Secretary said in his view he had irretrievably lost capacity to be anything but titular head of government if even that position could be saved for him and that this was solution Secretary preferred until election (of National Assembly). Bao Dai should support Diem and not take away his power. Cao Dai and Hoa Hao could be used but no Binh Xuyen. Secretary expressed opinion that with support two governments Diem could sit on top of revolution. Diem is only force of moderation. FEC a certain stabilizing influence. US was giving funds to support Vietnamese Army and could not see anyone else to give funds to but Diem for that purpose. Concluded by stating that support of Diem was only way he could see to deal with common problem pointing out that time was running against us and no successful results could be achieved unless two countries worked together.

Meeting was then joined by British for whom Secretary resumed US position as summarized above adding that in US view present revolution is not yet dominated or influenced by Communists to any appreciable degree. He remarked that prior association with Communists was not in itself sufficient reason to believe that man was a Communist now, citing that Bao Dai himself could be considered a Communist on this reasoning. Support of Diem did not indicate US non-recognition of his weaknesses. US had not taken part in his original selection and had been and remained ready to support any other man who might be presented by orderly process of law. He remarked that just before outbreak of fighting US was prepared to consider alternatives but he was not sure now that it would have been practical. Secretary remarked he was told last March by Collins that we had already reached point of no return on Diem.

C O P Y

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There was no practical way of getting rid of him. Secretary wished to do everything to get Diem to enlarge government. It might be possible to change government at the time of forthcoming elections but question remains "who is better than Diem." If there is a better man US is ready to consider him but re-submits no one has been suggested. Although Collins had reached agreement with Ely in early April to change Diem he now believes we must support him.

Faure replied that he thought it best that he speak himself. He wished to state that France is not in agreement with US views. In the past we have concealed this fact from each other but now it is time to speak frankly. Diem is not a good solution. Joint efforts to prove he is have resulted in failure. France is convinced that Diem is leading to catastrophe. Diem took advantage of Collins' absence to effect a "coup de force" which won primary victory but which has not contributed to any lasting solution. His anti-French sentiments are extreme. France does not object to his being anti-French if he is capable but being anti-French is not a sufficient quality in itself. Faure will not continue with him for, one way or another, he will bring on a Viet Minh victory. He is surrounded by Vietnam elements and there is not time to lose. Diem is not only incapable but mad (fou). He ruined our chances for a possible solution just when it was in the offing. France can no longer take risks with him. He could yield to the revolutionary groups. Continuing with Diem would have three disastrous results:

- (1) It would bring on a Viet Minh victory,
- (2) It would focus the hostility of everyone on French, and
- (3) It will begin on a France-US breach. Everyone believes that the US is backing Diem and encouraging him in his anti-French sentiments even if the French Government knows US is not.

Faure continued that much of France-US difficulty grows out of fact that we have never admitted our true thoughts from beginning. Last September we might have had an agreed solution if we had expressed our doubts but we did not. Bao Dai is a "bad card" but by means of him something is possible but with Diem failure is certain. We might have been able to save situation on eve of coup de force if we had had three-sided agreement (US, France, Bao Dai) but again we failed. Bao Dai has faults but he can serve a useful purpose and should be used for that. He cannot be excluded as a possibility for bringing about a more productive solution but as long as Diem is there the view is obstructed and no situation is possible. To resume, Faure said, Diem is impossible and there is no chance for him to succeed or to improve the situation. Another man might not be able to improve the situation either and, in fact, there is no one specifically in mind but at least with another man there is a chance.

DULLES

C O P Y

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INCOMING TELEGRAM

DEPARTMENT OF STATE

ACTION COPY

FROM: PARIS

Rec'd: MAY 8, 1955
9:12 PM

TO: Secretary of State

NO: SECTO 8, MAY 8, 5 PM (SECTION THREE OF THREE)

PRIORITY

SENT DEPARTMENT SECTO 8, REPEATED INFORMATION PRIORITY
SAIGON 716

IS A CHANCE BUT WITH DIEM THERE IS NONE.

FAURE THEN CONCLUDED WITH THE FOLLOWING SIGNIFICANT STATEMENT: "DIEM IS A BAD CHOICE, IMPOSSIBLE SOLUTION, WITH NO CHANCE TO SUCCEED AND NO CHANCE TO IMPROVE THE SITUATION. WITHOUT HIM SOME SOLUTION MIGHT BE POSSIBLE, BUT WITH HIM THERE IS NONE. HOWEVER, I CANNOT GUARANTEE ANY OTHER SOLUTION WOULD WORK NOR IS IT POSSIBLE TO CLARIFY THE SITUATION. THERE SEEMS TO BE FUNDAMENTAL DISAGREEMENT BETWEEN US. I COULD HAVE CLAIMED THAT SINCE FRENCH POSITION IS PREDOMINANT IN VIETNAM, YOU SHOULD ACCOMMODATE YOUR VIEWS MORE TO OURS, BUT I HAVE REJECTED THIS. WHAT SHOULD BE DONE UNDER THE CIRCUMSTANCES? WHAT WOULD YOU SAY IF WE WERE TO RETIRE ENTIRELY FROM INDOCHINA AND CALL BACK THE FEC AS SOON AS POSSIBLE. I FULLY REALIZE THIS WOULD BE A GRAVE SOLUTION, AS IT WOULD LEAVE FRENCH CIVILIANS AND FRENCH INTERESTS IN A DIFFICULT POSITION. THERE IS ALSO THE QUESTION OF THE REFUGEES' FATE. IF YOU THINK THIS MIGHT BE A POSSIBLE SOLUTION, I THINK I MIGHT BE ABLE TO ORIENT MYSELF TOWARDS IT IF YOU SAY SO. IT WOULD HAVE ADVANTAGE OF AVOIDING ALL FURTHER REPROACH TO FRANCE OF "COLONIALISM" WHILE AT THE SAME TIME GIVING RESPONSE TO DIEM'S REQUEST THAT FRANCE SHOULD GO. SINCE IT CONTINGENCES THE LIQUIDATION OF THE SITUATION AND THE REPATRIATION OF THE FEC, WOULD THE UNITED STATES BE DISPOSED TO HELP PROTECT FRENCH CIVILIANS AND THE REFUGEES? IF YOU DO NOT AGREE TO THIS SOLUTION AND BELIEVE IT WOULD HAMPER YOU, THEN WE CAN HAVE FURTHER DISCUSSIONS ON THE VIETNAMESE SITUATION.

SECRETARY

PERMANENT
RECORD COPY

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-2- SECTO 8, MAY 8, 5 PM (SECTION THREE OF THREE), FROM PARIS

SECRETARY REPLIED THAT HE APPRECIATED FRANKNESS. IT IS ONLY WAY FRIENDS SHOULD SPEAK TO EACH OTHER. THERE IS A FUNDAMENTAL DIFFERENCE BETWEEN FRANCE AND US. US HAS HIGHER REGARD OF DIEM'S CAPABILITIES THAN FRANCE. US INFORMED "COUP DE FORCE" WAS ENGINEERED BY BINH XUYEN WHILE FRENCH SAY OTHERWISE. SECRETARY HIMSELF HAD HAD DOUBTS THAT DIEM COULD SURVIVE. IT WAS QUESTIONABLE WHETHER ARMY WAS LOYAL TO HIM AND HE DID NOT CONTROL THE NATIONAL POLICE. LOYALTY OF FRENCH GOVT ITSELF IN SUPPORT OF DIEM WAS NOT QUESTIONED BUT THERE WERE DIFFICULTIES FROM OTHER SOURCES SUCH AS RADIO FRANCAISE-ASIE. US DOES NOT AGREE WITH FRENCH OPINION OF DIEM. IF HE HAD BEEN A NON-ENTITY HE WOULD HAVE COLLAPSED BUT HE DID NOT. HE SHOWED SO MUCH ABILITY THAT US FAILS TO SEE HOW HE CAN BE GOT RID OF NOW. IT IS ASSUMED THAT FRANCE WOULD NOT WISH TO DO SO BY FORCE.

DIEM IS STRONGER NOW THAN WHEN BAO DAI FIRST WITHDREW HIS POWERS. WORST ASPECT IS THAT PROBLEM INVOLVES DIFFERENCE OF OPINION BETWEEN FRANCE AND US. VIETNAM IS NOT WORTH QUARREL WITH FRANCE. COMMON INTERESTS ARE TOO GREAT TO BE JEOPARDIZED BY DIFFERENCE OF OPINION ON VIETNAM. SECRETARY AGREED WITH FRENCH STATEMENT THAT IT MUST NOT AFFECT FRANCO-US RELATIONS IN OTHER AREAS. IF IT WOULD SOLVE PROBLEM, US WOULD WITHDRAW AND DROP ITS SUPPORT OF VIETNAM. FRANCO-US DIFFERENCES MUST BE RESOLVED NOW FOR SECRETARY DID NOT BELIEVE THAT US CONGRESS WOULD CONTINUE WITH ITS PRESENT AID PROGRAM OTHERWISE. SUBSTANTIAL SUMS OF 4 TO 5 HUNDRED MILLION DOLLARS ARE INVOLVED.

CHOICE OPEN TO US IS TO HAVE DIEM SUPPORTED OR TO WITHDRAW. IT IS GRAVE PROBLEM WHICH THE SECRETARY WOULD LIKE TO THINK ABOUT OVERNIGHT. FRENCH SUGGESTIONS ARE SERIOUS AND MUST BE WEIGHED CAREFULLY. ADVICE AND COUNSEL ARE NEEDED. US INTEREST IN VIETNAM IS SIMPLY TO WITHHOLD AREA FROM COMMUNISTS. US WILL GIVE CONSIDERATION TO ANY SUGGESTION FRENCH MAKE BUT MUST WARN THAT US FINANCIAL SUPPORT MAY NOT BE EXPECTED TO ANY SOLUTION WHICH SECRETARY CAN THINK OF AS ALTERNATIVE TO DIEM. QUESTION MUST BE TAKEN UP AGAIN TOMORROW.

MACMILLAN STATED THAT BRITISH INTERESTS IN VIETNAM WERE MORE INDIRECT BUT NONETHELESS VITAL BECAUSE (1) INTEREST IN AREA ITSELF AND (2) INTEREST IN COMMUNIST THREAT FROM ANY AREA IN WORLD. IT WOULD BE GRAVE ERROR TO REACH DECISION THAT EVENING. FOREIGN MINISTERS ARE TO BE IN PARIS SEVERAL DAYS AND SHOULD LOOK INTO MATTER AGAIN. EVENTS MIGHT OVERTAKE OUR DECISIONS. ACCURATE REVIEW OF

-3- SECTO 8, MAY 8, 5 PM, (SECTION THREE OF THREE), FROM PARIS-

WHAT HAS BEEN SAID SHOULD BE UNDERTAKEN AND EFFORT TO ASCERTAIN FACTS SHOULD BE MADE BY ALL SIDES. IT IS IMPORTANT THAT NOTHING BE RELEASED OF WHAT HAD BEEN DISCUSSED DURING MEETING AS LEAK WOULD BE CALAMITOUS. BELIEVE EFFORTS SHOULD BE MADE BY ALL TO THINK SERIOUSLY OF WHAT HAS BEEN SAID AND KEEP CONTENTS ABSOLUTELY SECRET.

FAURE AGREED WITH MACMILLAN, STATING THAT HE HAD NEVER EXPECTED DECISION THAT EVENING. EXPERTS SHOULD GET DOWN TO WORK IMMEDIATELY AND PREPARE FOR DECISIONS AS EVENTS ARE CHANGING HOURLY.

MEETING CLOSED WITH GENERAL DISCUSSION CONCERNING SCHEDULE FOR FURTHER TALKS ON INDOCHINA AND FORTHCOMING VISIT OF FOREIGN MINISTERS TO VIENNA.

A DISCUSSION ENSUED CONCERNING TEXT OF COMMUNIQUE. SECRETARY REJECTED PROPOSAL OF MEETING OF EXPERTS BEFORE NEXT DISCUSSIONS ON INDOCHINA BY FOREIGN MINISTERS NOW SCHEDULED FOR MAY 10.

DULLES

AB/32

DEPARTMENT OF STATE

FROM: Saigon

TO: Secretary of State

May 8, 1955

NO.: 5074, May 5, 9 p.m. (SECTION THREE OF FOUR)

NIACT

ST T DEPARTMENT 5074, REPEATED INFORMATION NIACT PARIS 1305.

7. French position.

A. French position determined by two factors:

- (1) Ely's responsibility for safety FEC and for French lives and property; and as signatory of Geneva Accords;
- (2) French desire retain cultural and economic presence and to retain Vietnam as part French Union.

B. Friction between French and Vietnamese has reached serious proportions. It springs from two major sources:

(1) Ely, to meet his responsibility for the safety of French lives and property, has established a French controlled security zone which includes large portion residential and business zone of Saigon proper. He has introduced new French battalions to protect this zone. Presence these forces, reported refusals to permit VNA units to move through French Zone, and sanctuary provided to three Binh Xuyen posts located within security zone are constant irritants to Vietnamese nationalists.

(2) Anti-Diem propaganda such as broadcast by Radio France-Asia and allegations of French support of sects, particularly Binh Xuyen, which widely credited by Vietnamese, have added oil to fire.

C. Ely and French authorities here have finally concluded Diem must go. Increasing French bitterness toward Diem and their sensitivity to "anti-colonialist" propaganda has to some extent been extended to US whom they blame for not joining with them in pressing Diem to seek cease-fire. French likewise tend blame US for recent bloodshed because we did not agree with them in finding political solution to governmental crisis some three weeks ago.

D. Strong anti-French aspect of Revolutionary Committee has great appeal to large segments of population which beneath surface has long nourished hatred and contempt for French.

C O P Y

E. Quite regardless of future developments, episodes of last week, featured by increasing strain in French-Vietnamese relations, cannot help but severely jeopardize France's long range interests in Vietnam. Of late one hears less and less mention of maintenance cultural and economic interests and influence and more and more of threats that France will drop responsibilities and withdraw FEC. We believe this to be passing phase, however.

F. Reference the activities of Revolutionary Committee and States General local French have same fears that we do. French are convinced that Revolutionary Committee is penetrated by Viet Minh agents, but have so far been unable to give us any conclusive proof. They are also skeptical about the States General being able to modify radical resolutions of the Revolutionary Committee.

G I think it is fair to say that French are convinced that Diem desires overthrow Bao Dai and will continue efforts to do so irrespective of current activities of Revolutionary Committee.

H. As indicated in recent telegrams, General Ely and the Commissariat General in Saigon have become so emotional in their bitter opposition to Diem and his entourage, that I fear they have lost some of their objectivity as to popular reaction to Diem's recent moves, his hold on the Army, and his ability to deal with the Binh Xuyen. They are quite convinced that serious warfare will be initiated by the Binh Xuyen, and that anti-French sentiment fomented by Diem and perhaps Viet Minh may still cause serious outbreaks in foreign sections of Saigon.

KIDDER

C O P Y

DEPARTMENT OF STATE

FROM: Saigon

TO: Secretary of State

NO: 5074, May 5, 9 p.m. (SECTION FOUR OF FOUR)

NIACT

SENT DEPARTMENT 5074, REPEATED INFORMATION NIACT PARIS 1305

8. Conclusions:

A. It would appear to me that the essential steps in reconstitution of joint American-French approach to situation in Vietnam should be as follows:

(1) Diem government should be fully supported in bringing to a final and quick solution its conflict with the Binh Xuyen.

(A) This will require on part of French, not only in Paris but more importantly in Saigon, that genuine assistance rather than passive self-obstruction be offered to Vietnamese Government and armed forces.

(B) Specifically, General Ely should be directed take active steps to persuade Binh Xuyen to withdraw their forces from three police posts remaining within French security zone in Saigon, or if Binh Xuyen refuse, then to permit Vietnam armed forces to reduce these posts with minimum of casualties.

(C) All echelons of French bureaucracy, including armed forces, should be instructed to desist from agitating against Diem government.

(D) Official pressure, both in Paris and Saigon, should be brought upon Radio France-Asia, a semi-governmental institution, to cease its attacks on Diem government.

(E) Such steps as may be possible should be taken to persuade French pressmen to cease their attacks, particularly in Saigon.

(F) French garrison in Saigon-Cholon should be reduced without delay.

(G) There should be a public announcement by appropriate French authorities of their full support of Diem government in present conflict with Binh Xuyen. possible to assist organization and training of essential logistical services of Vietnamese armed forces so as to make them as independent as possible of FEC. This is under way in accordance with my instructions to MAAG.

C O P Y

(2) As soon as current crisis is over, decisive effort must be made to persuade or otherwise force Diem to reorganize his government and to establish a cabinet competent to implement broad programs of reform covered by the Collins-Ely seven-point program, plus a program for integration of sects into normal life of Vietnam.

(3) If, after reasonable further period of trial, Diem is unable to constitute a government capable of implementing these programs, US should join with France and Bao Dai in assisting liberal Vietnamese nationalists to establish a competent government.

B. I recognize that General Ely may irrevocably be opposed to supporting any Diem government. If this should prove to be true, I would suggest we urge Faure government to replace him, preferably with man of caliber of Devinat, or perhaps Georges-Niact. At same time, it would probably be necessary to replace General Jacquat (who has incurred violent animosity of Vietnamese during Binh Xuyen affairs) with man like General Cogy.

C. Reference step (3) above, I recognize also that it may be politically difficult to withdraw US support from Diem even if trial proves is capable of establishing an effective government. I still feel that even if Diem manages suppress Binh Xuyen, this will not change his own basic incapacity to manage the affairs of government. His present successes may even make it harder for us to persuade Diem to take competent men into government, to decentralize authority to his ministers, and to establish sound procedures for the implementation of reform programs. I am still convinced Diem does not have knack of handling men nor the executive capacity truly to unify the country and establish an effective government. If this should become evident, we should either withdraw from Vietnam because our money will be wasted, or we should take such steps as can legitimately be taken to secure an effective new Premier.

D. Throughout all this I feel we must keep our eyes clearly on our main objective in Vietnam, i.e., to assist in saving this country from Communism. No matter who heads the government here, free Vietnam will not be saved unless sound political, economic and military programs are promptly and effectively put into action. This will require wholehearted agreement and coordination between Vietnamese, Americans and French. Difficult as this may be to achieve, it is possible, in my judgment. If this tripartite approach is not secure, we should withdraw from Vietnam.

KIDDER

C O P Y



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

9 May 1955

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Indochina (Vietnam).

1. The Joint Chiefs of Staff submit herewith their views regarding the military aspects of the problem presented in the attached excerpt from a telegram from Mr. Dulles to the Department of State.

2. The situation as depicted in the telegram from Mr. Dulles appears to present the United States with a choice between:

a. Continuing to support the Diem Government in Vietnam -- which would result in the withdrawal of French forces from that country; or

b. Withdrawing United States support from Vietnam -- allowing the French to deal with the situation as they deem fit.

3. The Joint Chiefs of Staff consider that the question as to whether the United States should or should not continue to support the Diem Government, or any other particular Vietnamese regime, is one for resolution at the governmental level. Their comments relative to the alternatives set forth above are, therefore, limited to their military implications.

4. It is considered doubtful that the Vietnam National Army (VNA), in its present state of development and unassisted by other forces, can continue to maintain internal security under the conditions of near-civil war now prevailing in Vietnam. There is even less likelihood that the VNA could offer more than a token resistance to external aggression. Further, it is open to question whether the VNA would be loyal to the Diem Government under all circumstances. The presence and cooperation of an outside military force is therefore essential at this time if Vietnamese security and integrity are to be assured. The United States is debarred by the provisions of the Geneva Agreement from providing such forces, and could therefore give no assurances regarding the protection of lives and property of French or any other foreign nationals. While the withdrawal

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of 3 pages each

Reproduction of text in bold

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of the French Expeditionary Corps is ultimately to be desired, it is considered that a precipitate withdrawal now would be likely to result in an increasingly unstable and precarious situation. This situation would undoubtedly be exploited to Communist advantage, with the probable eventuality that South Vietnam would be lost to communism.

5. In the face of the strong anti-French sentiment which has developed in Vietnam, there now seems little prospect that France alone can provide either the leadership or the resources required to establish a stable Vietnamese government. Without United States moral and materiel support it cannot be expected that the VNA would develop into a cohesive military force or maintain even its present limited effectiveness. Without effective indigenous forces and without a Vietnam government which can command the loyalty and support of its people, the French Expeditionary Corps (FEC), judged by past performances, would be incapable of preserving the security and integrity of Vietnam. It can therefore be expected that, following the pattern which led to the loss in the North, South Vietnam would, in due course, fall to the Communists.

6. For the foregoing reasons, the Joint Chiefs of Staff consider that neither of the alternatives suggested represent acceptable solutions to the problem of Vietnam at this time. They feel it to be in the best interest of France as well as of the United States that every reasonable effort be exerted to preserve South Vietnam from communism. It is their opinion that the present situation, involving armed resistance against the established governmental authority and the dangers inherent in the role assumed by the Revolutionary Committee, requires the utmost in cooperation and energetic action by the Vietnamese, United States, and French Governments toward the restoration of internal order and governmental control in Vietnam. It is considered that this should constitute the immediate joint objective. The Joint Chiefs of Staff recommend that Mr. Dulles be advised that from the military point of view:

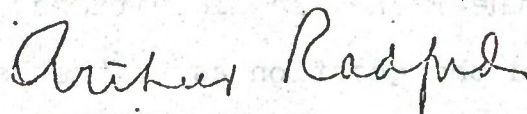
a. The government of Prime Minister Ngo Dinh Diem shows the greatest promise of achieving the internal stability essential for the future security of Vietnam.

b. The United States could not guarantee the security of the French nationals should the French Expeditionary Corps be withdrawn.

c. Possible United States actions under the Southeast Asia Collective Defense Treaty could ultimately afford security to South Vietnam equal to that provided by the continued presence of the French Expeditionary Corps.

7. The above comments are submitted without benefit of the specific views of Ambassador Collins, which have been requested by the Secretary of State. They should, therefore, be considered as tentative and subject to possible revision in the light of his reply.

For the Joint Chiefs of Staff:



ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff.

Enclosure

EXCERPT FROM TELEGRAM FROM SECRETARY DULLES:

"We met alone with the French, being joined after a time by the British for discussion of Indochina. Faure proposed that in view of the sharp differences of opinion which existed between our two Governments with reference to policy in Vietnam and in view of his Government's total inability to support Diem, who had now become violently anti-French, he proposed that the French should withdraw their forces from Vietnam. He raised the question as to whether in this event we would be able to give any assurances regarding protection of lives and property of remaining nationals.

"I replied that this was too serious a matter to settle without deliberation, and that I agreed that Vietnam was not worth a quarrel between France and the United States. If we could not agree, then one or the other should withdraw from the scene, as we could not afford to oppose each other in this area and adopt rival and competitive policies. I said that the United States would be willing to withdraw, and indeed I could not have any good hope that Congress would appropriate the necessary funds for us to support the situation if we withdrew support from Diem and sought an alternative which Faure himself said he could not now define. My guess is that the French are not bluffing and that his proposal may be the agreed solution."

MEMORANDUM

SUBJECT: Possible French Withdrawal from Vietnam

M. Faure's proposal to Mr. Dulles that the French withdraw their forces from Vietnam may, if properly played, permit a real reversal of the trend toward Communism in Southeast Asia.

If the U. S. can and will make a deal with Diem, in which he pledges to protect French civilians remaining after French troops leave, in return for our assurances of increased aid and the rapid and effective training of his army, we should be happy to see the French leave.

A move of this sort would clearly disengage us from the taint of Colonialism derived from our support of the French and Bao Dai which has plagued us throughout Asia. It would put us clearly in our traditional role of supporting the "independence and legitimate national aspirations" of peoples. The repercussions of this throughout Asia and the Moslem world will be great and beneficial. A clear stand against French colonialism may greatly free our hands at some later date with regard to French North Africa where an explosion like Indo China seems inevitable.

French withdrawal will also effectively stop the potential double-dealing we have suspected of the Saintenay mission in Viet Minh, where it appears the French have been insuring against the loss of Free Vietnam to the Viet Minh by compromising with the Communists so as to retain commercial and other advantages after a takeover. At one time it was rumored the French might even accept a Communist Indo China in the French Union.

A tacit assumption by the U. S. of the support of Free Viet Nam might, of course, eventually involve us in a substantial commitment. However, this is by no means certain, and there is a real likelihood training, technical assistance and moderate aid will be all that is required. We should not forget that we are already committed under SEATO to defend Viet Nam against overt attack. The new situation would permit, in psychological terms, the all-out use of "Militant Liberty" to help build Free Viet Nam resolve.

As a final point to remember, the French declared at Geneva that they would withdraw their forces at any time if requested by the Free Viet Nam Government.

C. F. BRESNAN, JR.
975 Chief Counsel, United States Army
Defense Board, USG Planning Board



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

2 June 1955

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Report of Military Staff Planners
Conference, Southeast Asia Collective
Defense Treaty, Baguio, Philippines,
April-May 1955.

1. The Staff Planners to the Military Advisers of the Southeast Asia Collective Defense Treaty (SEACDT) Council held their first conference in Baguio, Philippines during the period 25 April to 5 May 1955. The report of that conference, attached as Appendix "C" hereto, will be considered by the Military Advisers at their next meeting in Bangkok. A summary of the recommendations made in that report, the proposed actions of CINCPAC and the recommended actions of the Joint Chiefs of Staff thereon are outlined in Appendix "A" hereto.

2. The Joint Chiefs of Staff have reviewed the report of the Staff Planners, and, subject to the comment and/or instructions outlined in paragraph 2 of Appendix "B" hereto, consider the report generally satisfactory as a basis for further planning activities of the military machinery under the SEACDT organization.

3. The Joint Chiefs of Staff recommend that the Secretary of Defense concur in the content of the proposed message to the Commander in Chief, Pacific, in Appendix "B" hereto, and authorize its transmission by the Joint Chiefs of Staff.

For the Joint Chiefs of Staff:

Arthur Radford
ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff.

Enclosures

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APPENDIX "A"

SUMMARY OF RECOMMENDATIONS OF THE MILITARY STAFF
PLANNERS, CINCPAC'S PROPOSED ACTIONS THEREON
AND RECOMMENDED JOINT CHIEFS OF STAFF ACTION

(Reference: Report of Military Staff Planners Conference,
SEACDT, Baguio, Philippines, April-May 1955)

1. Enclosures 1, 2, and 4 - No action required by the Joint
Chiefs of Staff.

2. Enclosure 3 - (Military participation in combatting Communist
subversion)

a. Staff Planners recommendation: None.

b. CINCPAC's proposed action:* "Subject to the results of
the Subversion Subcommittee meeting held in Bangkok 3 May,
and guidance of higher authority, to participate fully in
giving the necessary direction to the Staff Planners while
insuring the proper division of responsibilities between
military and non-military aspects."

c. Recommended Joint Chiefs of Staff action: Concur in the
action proposed by CINCPAC.

3. Enclosure 5 - (Terms of Reference and Rules of Procedure)

- a. Staff Planners recommendation: Approve.
- b. CINCPAC's proposed action:* To approve or concur.
- c. Recommended Joint Chiefs of Staff action: Concur with the addition that CINCPAC will not make any commitment of U.S. forces and will support or furnish to the Council those recommendations which have received approval of the Joint Chiefs of Staff.

4. Enclosure 6 - (Measures to Increase Security of Classified Information).

- a. Staff Planners recommendation: Approve.
- b. CINCPAC's proposed action:* Approve or concur.
- c. Recommended Joint Chiefs of Staff Action: Concur, but inform CINCPAC that subparagraph 3 d should be changed to read:
"All places, buildings, industrial and military installations, ships and aircraft, where classified matter of any sort is located, should, through appropriate procedures be made secure against access by unauthorized persons."

5. Enclosure 7 - (Intelligence Survey of Selected Areas).

- a. Staff Planners recommendation: Approve as a basis for further planning.
- b. CINCPAC's proposed action: Approve or concur.
- c. Recommended Joint Chiefs of Staff action: Concur, except inform CINCPAC that the last sentence of subparagraph 3 a should be deleted.

6. Enclosure 8 - (Priority Listing of Courses of Action or Measures).

a. Staff Planners recommendation: Approve as a guide to the order in which further coordinated planning studies should be prepared.

b. CINCPAC's proposed action:* Approve or concur.

c. Recommended Joint Chiefs of Staff action: Concur, but inform CINCPAC that it would be more acceptable to delete the exception stated in subparagraph 9 b in the case of West Pakistan.

7. Enclosure 9 - (Methods for improving defensive effectiveness in the treaty area).

a. Staff Planners recommendations:

(1) Adopt the recommendations concerning the approach to the Council.

(2) Approve as a basis for further planning studies and preparatory measures.

b. CINCPAC's proposed action:* To approve or concur.

c. Recommended Joint Chiefs of Staff action: Concur, but inform CINCPAC that in subparagraph 24 d, the word "common" should be substituted for "combined".

8. Enclosure 10 - (Study of signal communication systems within the treaty area).

a. Staff Planners recommendation: Approve as a basis for further planning studies and preparatory measures.

b. CINCPAC's proposed action:* To approve or concur.

c. Recommended Joint Chiefs of Staff action: Concur.

9. Enclosure 11 - (Examination into methods of creating a possible future organizational structure).

a. Staff Planners recommendation: Approve the findings as an interim measure pending further experience.

b. CINCPAC's proposed action:* To approve or concur.

However, CINCPAC has commented that, "An item of major interest lies in the proposed creation of a small permanent secretariat. From the U.S. delegation viewpoint, as well as that of certain other delegations, this was recognized as not immediately a valid requirement and it was further realized that the necessary coordination and continuity of effort could be maintained by correspondence and through the military liaison group in Bangkok. It became apparent however, that it was vitally necessary to lend substance to the Military Advisers endeavours try (by) a form of some type permanent group. Without this recognition it was evident from the start that a serious split would have developed, thereby militating against the desired development of the military aspects of SEACDT. This step, i.e., the recognition of the requirement for a small permanent secretariat has definitely forestalled for the foreseeable future any determined insistence for either a permanent Staff Planners organization, a standing group, or a combined staff."

CINCPAC msg to CNO, DTG 150001Z May 1955

Appendix "A"

c. Recommended Joint Chiefs of Staff action: To inform CINCPAC that, subject to the results of the study indicated in subparagraph 11 b, the Joint Chiefs of Staff have no objection to the establishment of a small permanent secretariat, which would be an instrument of the Military Advisers and subordinate planning committees. However, the Joint Chiefs of Staff would not agree to the possible evolution of such a secretariat into an organization of a standing nature as indicated in subparagraph 11 c.

10. Enclosure 12 - (Future agenda).

a. Staff Planners recommendations:

(1) Approve Part II - Agenda for Military Advisers meeting (6 June 1955).

(2) Approve Part III - Programme of studies to be completed at the next meeting of the Staff Planners.

(3) Approve Part IV - Preparation of position papers.

(4) Approve Part V - Times and places of meetings.

(5) Approve Part VI - Initiation of additional studies.

b. CINCPAC's proposed action:* To approve Staff Planners Recommendations.

c. Recommended Joint Chiefs of Staff action: Concur in action proposed by CINCPAC.

CINCPAC msg to CNO, DTG 150001Z May 1955

MESSAGE FOR COMMANDER IN CHIEF, PACIFIC

1. The Report of the Military Staff Planners Conference, SEACDT, April-May 1955, has been reviewed. JCS consider the report generally satisfactory as a basis for further planning activities of the military machinery under SEACDT.
2. The actions on that report proposed in Part III of CINCPAC 1500C_Z May are concurred in subject to the following comment and/or instructions in reference to the Staff Planners report:
 - a. Enclosure 5 - Concur in terms of references and activities of the Military Advisers Group with the addition that CINCPAC will not make any commitment of U.S. forces and will support or furnish to the Council those recommendations which have received approval of the Joint Chiefs of Staff.
 - b. Enclosure 6 - Subparagraph 3 d should be changed to read:

"All places, buildings, industrial and military installations, ships and aircraft, where classified matter of any sort is located, should through appropriate procedures be made secure against access by unauthorized persons."
 - c. Enclosure 7 - In subparagraph 3 a the Joint Chiefs of Staff consider that the last sentence should be deleted.
 - d. Enclosure 8 - The Joint Chiefs of Staff consider this Enclosure suitable as a guide for the preparation of further planning studies. However, it would be more acceptable to delete the exception in subparagraph 9 b in the case of West Pakistan.

e. Enclosure 9 - In subparagraph 24 d substitute "common" for "combined".

f. Enclosure 11 - Subject to the results of the study indicated in subparagraph 11 b, the Joint Chiefs of Staff have no objection to the establishment of a small permanent secretariat which would be an instrument of the Military Advisers and subordinate planning committees. However, the Joint Chiefs of Staff would not agree to the possible evolution of such a secretariat into an organization of a standing nature as indicated in subparagraph 11 c.

3. Defense concurs.

NATIONAL SECURITY COUNCIL

WASHINGTON

COPY NO. 6

June 13, 1955

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

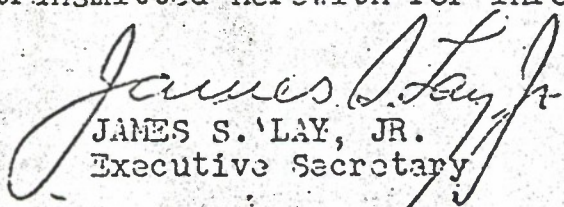
SUBJECT: U.S. Policy on All-Vietnam Elections

REFERENCES: A. NSC 5429/5
B. NSC 5519
C. NSC Actions Nos. 1316-d and 1415
D. Memo for NSC from Executive Secretary,
same subject, dated June 2, 1955

The National Security Council, the Secretary of the Treasury, and the Director, Bureau of the Budget, at the 251st Council meeting on June 9, 1955 (NSC Action No. 1415):

- a. Noted the draft statement of policy contained in the reference report (NSC 5519) and the views of the Joint Chiefs of Staff transmitted by the reference memorandum of June 2.
- b. Agreed that Council recommendations as to U.S. policy on all-Vietnam elections are not required at this time.
- c. Noted that U.S. policy in the event of a renewal of hostilities by the Communists in Vietnam would be governed by the provisions of paragraph 5-d of NSC 5429/5, pending a review of that paragraph by the NSC Planning Board.

Accordingly the actions in b and c above, as approved this date by the President, are transmitted herewith for information.


JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence



THE JOINT CHIEFS OF STAFF

WASHINGTON 25 D.C.

CM-171-55

1 July 1955

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Summary of Report of Military Staff Planners Conference, Southeast Asia Collective Defense Treaty, Baguio, Philippines, April - May 1955, for information of Secretary of State.

1. Reference is made to a memorandum by the Joint Chiefs of Staff, dated 2 June 1955, subject: "Report of Military Staff Planners Conference, Southeast Asia Collective Defense Treaty, Baguio, Philippines, April - May 1955."

2. Attached hereto is a summary of those portions of the Report of the Staff Planners Conference which may have political significance. I recommend that you inform the Secretary of State of this conference and provide him with copies of the attached summary.

3. It is further recommended that the Secretary of State be informed that the studies prepared by the Staff Planners are not final until approved by the Military Advisers.

ARTHUR RADFORD

Chairman

Joint Chiefs of Staff

Forwarded to Secretary of State
11 July 1955, ISA I-13934/5, A.C. Davis

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SUMMARY OF THOSE PORTIONS OF REPORT OF MILITARY
STAFF PLANNERS CONFERENCE, SEACDT, BAGUIO,
PHILIPPINES, APRIL - MAY 1955, OF POSSIBLE
INTEREST TO DEPARTMENT OF STATE

PART I

Terms of Reference and Rules of Procedure of the Military
Advisers Organization to the Southeast Asia Collective Defense
Treaty Council.

Terms of Reference

1. Military Advisers Group. In the furtherance of peace and collective security within the Treaty area, it is the responsibility of the Military Advisers Group to provide general policy guidance to such subordinate groups as may be established under the aegis of the Council and to make appropriate military recommendations to the council for its decision.

2. Activities of the Military Advisers Group.

a. The Military Advisers Group should:

(1) Constantly review the military measures by which Communist subversion and aggression directly affecting the Treaty area can best be countered.

(2) Meet as required after consultation among themselves or as directed by the Council. In addition, they will be prepared to attend meetings of the Council.

(3) Designate such planning assistants as might be required.

(4) Ensure that military planning activities take into account various contingencies that might arise in connection with the implementation of the Treaty through close coordination of planning and appropriate exchange of information between the Military Advisers, their planning assistants and other representatives which may meet under the aegis of the Council.

(5) Designate military liaison officers in Bangkok whose functions are as stated in paragraph 6, below.

b. The activities of the Military Advisers Group should include among other things:

(1) Consideration of measures to be taken in each country to increase the security of classified information with a view to augmenting the effectiveness of an exchange of intelligence data.

(2) Initiation of and maintenance of an Intelligence survey of Southeast Asia.

(3) Continued exchange of planning information.

(4) Determination of possible courses of action to meet the current Communist threat in Southeast Asia and in the event of further Communist aggression directly affecting the Treaty area.

(5) Preparation of planning studies on likely Allied courses of action developed in subparagraph (4), above, to be used as a basis for further planning.

(6) Maintenance of a strategic estimate for Southeast Asia.

(7) Consideration of ways and means for increasing the effectiveness in the Treaty area of the collective defense effort of the member nations.

3. Military Liaison Group.

a. A Military Liaison Group consisting of one officer from each of the member countries will be established in Bangkok. These officers may be members of the staffs of Council Representatives in Bangkok.

b. The Military Liaison Officers will provide normal points of contact between Military Advisers, as well as with other interested individuals and agencies as appropriate.

c. Formal meetings of the Military Liaison Group will be convened, when so requested by any of its members, by an officer to be nominated by the Chief of the Defense General Staff of Thailand.

4. Frequency of Meetings.

The Military Advisers Group will meet not less than twice a year.

5. Place of Meetings. Meetings will usually be held in the Treaty area at places to be agreed upon by the Military Advisers. Normally the place of meeting for both the Military Advisers Group and the Staff Planners will be rotated among the member nations. The sites for meetings of the Staff Planners will be recommended by them.

The accredited Military Advisers or properly designated alternates will attend meetings of the Military Advisers Group. Staff Officers and technical advisers may attend meetings of the Military Advisers as the latter may individually require. These officers may form working committees as required by the Military Advisers Group.

7. Observers. Provided a record is kept of their names and appropriate security measures are taken, properly accredited military observers may be allowed to attend meetings of the Staff Planners. As a general rule the number of observers will be kept to a minimum.

8. Communications.

a. Communications between Military Advisers will be prefixed by the work "SEAMIL".

b. When a Military Liaison Officer is an information addressee of a communication exchanged between any two (2) or more Military Advisers, he will provide copies to the Military Liaison Officers of the countries whose Military Advisers are information or action addressees of the basic communication.

9. Communique. Communiques should be prepared under the direction of the Chairman and issued upon the agreement of all the Chiefs of Delegations, normally one at the beginning and end of each meeting.

Suggested Measures for Improving Defensive Effectiveness in

Treaty Area through Self-Help and Mutual Aid.

1. Each nation individually should now strive to improve its defensive effectiveness by the following means:

- a. Improving its intelligence organization.
- b. Improving the quality and training of its armed forces.
- c. Maintaining and developing the logistic facilities to support its armed forces.

2. Member nations should act collectively to augment their individual efforts, by the following cooperative measures:

- a. The initiation and maintenance of intelligence and operational appreciations.
- b. The exchange of observers, students, advisers, training experts and training facilities.
- c. Standardization of techniques and equipment, as necessary and practicable.
- d. Provision for the combined use of military facilities and services.
- e. The planning and development of logistic facilities in the area.
- f. The holding of combined naval and air exercises.
- g. The holding of exercises without forces at a later stage.

immediately available, for operational use in case of emergency, the combined use of the military facilities and services of the member nations.

NOTE: The position of the Joint Chiefs of Staff is that "common" should be substituted for "combined" in paragraph 3 above.*

PART III

Study of Signal Communications Systems Within the Treaty Area.

The Military Staff Planners concluded that the present international systems of communication such as Port, Ship-Shore, Ground-Air, Radio aids to navigation, and systems of search and rescue operations are available and adequate for use by participating nations. They noted, however, that some method should be established by which area agreement can be reached for the combined use of frequencies.

PART IV

Conclusions and Recommendations of the Staff Planners in their study on the subject: "Examination into Methods of Creating a Possible Future Organizational Structure".

1. It was concluded that:

a. To carry out the requirements of the immediate tasks to be undertaken by the military machinery of SEACDT, staff

* J.C.S. 1992/1464 *

and supported by a small permanent Secretariat is the best means of ensuring immediate action;

b. A study should be made of the composition, function, and location of the permanent Secretariat;

c. The establishment of such an ad hoc arrangement should not prejudice the eventual creation or evolution of a standing group, or certain sections of a standing nature to augment the ad hoc system, should the need become necessary because of inadequacies revealed by experience.

2. It was recommended that the Military Advisers Group approve the conclusions of this paper and make arrangements accordingly.

3. The French Delegation did not accept the recommendation made in this report. It questioned the usefulness at the present time of the creation of a permanent secretariat and held the view that coordination of studies can be satisfactorily carried out by the Staff Planners at their meetings. If it was agreed in the future that closer coordination was required it could best be achieved through the military Liaison group without setting up a new body however small. It also suggested that as a rule ad hoc committees meet in a few places, centrally located in the Treaty Area.

NOTE: The Joint Chiefs of Staff have no objection to the establishment of a small permanent secretariat, which would be an instrument of the Military Advisers and subordinate planning committees. However, the Joint Chiefs of Staff would not agree to the possible evolution of such a secretariat into an organization of a standing nature as indicated in subparagraph 1 c. above.*

2377
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 63.1-55

(Supersedes Portions of NIE 63-7-54 on North Vietnam)

Superseded by NIE 63-56
PROBABLE DEVELOPMENTS IN
NORTH VIETNAM TO JULY 1956

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 19 July 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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FOR THE DIRECTOR

OF INTELLIGENCE, U.S. AIR FORCE

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PROBABLE DEVELOPMENTS IN NORTH VIETNAM TO JULY 1956

(Supersedes Portions of NIE 63-7-54 on North Vietnam)

THE PROBLEM

To analyze the present strengths and weaknesses of North Vietnam and to estimate probable future developments and trends to July 1956.

CONCLUSIONS

1. The immediate concern of the "Democratic Republic of Vietnam" (DRV) is to consolidate its control in the area north of the 17th Parallel and to gain control of South Vietnam. (*Para. 14*)
2. We believe that the DRV will experience no great difficulty in maintaining effective control of North Vietnam during the period of this estimate and will probably retain a considerable measure of prestige and general acceptance. However, passive resistance and discontent resulting from harsh control measures and poor economic conditions may increase toward the end of the period. If the situation in the South does not deteriorate, the nationalist appeal of Ho Chi Minh and the DRV will probably be reduced throughout Vietnam. (*Para. 23*)
3. The DRV is confronted by serious economic problems of which the current rice shortage is the most critical. Its present export potential falls far short of providing sufficient funds to pay for necessary imports. However, the Sino-Soviet Bloc will almost certainly provide sufficient economic and technical assistance to meet minimum requirements for stability and control. With such assistance the DRV will probably make gradual progress in gaining control of the economy and in rehabilitating transportation, irrigation, and industrial facilities. (*Paras. 24-30*)
4. Since the Geneva Conference, the strength of the DRV regular army has been increased substantially by drawing on regional forces to form new units and by the receipt of new and heavier military equipment from Communist China. DRV forces are capable of defeating all military forces, including the French, now located in South Vietnam, Laos, and Cambodia. (*Paras. 31-35*)
5. The present DRV tactic with respect to South Vietnam is to pose as the champion of Vietnamese independence and unification, and as the defender of

the provisions of the Geneva Agreement. The DRV probably still believes that it could emerge from free nationwide elections with control of all Vietnam. It will attempt to appear reasonable in any negotiations concerning procedures for elections. While the Communists almost certainly would not agree to complex and elaborate safeguards and guarantees, they probably would agree to some form of "neutral" (but not UN) supervision. They would probably estimate that such election controls would work to their advantage in the South and, as manipulated, would not adversely affect their position in the North. (Paras. 44-45)

6. In the meantime, the DRV will continue its efforts, through subversion, intimidation, and propaganda, to weaken the Diem government, and to bring to power in the South men prepared to accept a coalition with the DRV. (Para. 46)

7. The Communists in their propaganda have revealed sensitivity to the implication of the Manila Pact which incorporated Vietnam, Cambodia, and Laos in its area of protection. We believe that concern for Western, and particularly US reactions, together with general considerations arising from over-all Bloc policy, will prevent the DRV from openly invading the South during the period of this estimate. Similarly, the resumption of widespread guerrilla activities appears unlikely prior to the election deadline, unless the DRV should come to the conclusion that South Vietnam can be won

only by force. Such a conclusion would become more likely should the Diem government persist in refusing to enter the election discussions; should election discussions not proceed favorably for the DRV, or should the Diem government succeed, with US assistance, in consolidating its strength to the point of becoming a nationalist alternative to the Ho regime. Moreover, if during the period of this estimate little progress is made towards relaxing tensions, Peiping and Moscow might permit the DRV greater freedom of action. Should the DRV decide to use force short of open invasion, it would probably attempt to undermine the Saigon government by initiating a campaign of sabotage and terror, seeking to formation of a new government more amenable to demands for a national coalition. These tactics are likely to include the activation of DRV guerrilla units now in South Vietnam and their reinforcement by the infiltration in small units of regulars from the North. (Para. 47)

8. The DRV will probably refrain from launching an attack with its own forces to seize Laos during the period of this estimate.² It will probably continue efforts to convince the Royal Laotian government of the propriety of the DRV attitude toward Laos, while covertly strengthening the rebel Pathet Lao movement. The DRV would probably infiltrate armed units into Laos to assist the Pathet Lao if Royal government military action should seriously threaten the

¹For an estimate of probable developments in South Vietnam, see NIE 63.1-3-55, "Probable Developments in South Vietnam Through July 1956," to be published in August 1955.

²For an estimate of probable developments in Laos, see NIE 63.3-55, "Probable Developments in Laos Through July 1956," to be published in July 1955.

Pathet Lao position in the northern provinces. (Paras. 48-49)

9. The Communists now have few assets in Cambodia and will probably be unable to develop a significant internal threat in that country until their position is greatly strengthened in Laos or South Vietnam.³ In the meantime, the DRV will probably continue its efforts to promote

friendly relations and to secure Cambodian neutrality. (Para. 50)

10. We believe the DRV will be willing to continue political and economic contacts with the French. However, it almost certainly will be unwilling to make any agreement which in fact would permit the French to retain an economic and cultural position in North Vietnam. (Paras. 51-56)

DISCUSSION

I. INTRODUCTION

11. Under the terms of the Geneva Accords, and with the final withdrawal of French forces from the Haiphong area on 18 May 1955, a Communist regime known as the "Democratic Republic of Vietnam" (DRV) has assumed full responsibility for the administration of the territory of Vietnam north of the 17th Parallel, pending a political settlement and the unification of the country.

12. The DRV, known also as the Viet Minh, was established at the end of the Second World War when a coalition of Vietnamese of all political leanings drew together under the leadership of the veteran Communist, Ho Chi Minh, and proclaimed Vietnamese independence. The DRV openly and frequently professed its solidarity with the Sino-Soviet Bloc after 1949. Since then any loss by the DRV of its Vietnamese support has been offset by a considerable increase in organizational and material strength and by the prestige of victories over French forces.

13. Although the recent assumption of responsibility over 13 million people and several large cities has confronted the DRV with major problems, these problems are not entirely new or unrelated to previous DRV experience. During its years of resistance, which was conducted until 1950 with little or

no external assistance and under conditions of severe physical hardship and austerity, the DRV leadership was able to weed out the weak and timid, build an effective army, train a substantial number of experienced cadres and local administrators, and obtain considerable experience in the techniques of political control. Thus, when the DRV assumed control of all North Vietnam in 1954, it possessed considerable advantages over the Diem government in terms of military strength and experience, organization and sense of unity and purpose.

14. While the immediate concern of the DRV is to consolidate its control in the North and to gain control of South Vietnam, its longer run objectives almost certainly are to build a strong Communist state in all Vietnam and to assist in the extension of Communist control throughout Southeast Asia.

II. INTERNAL SITUATION AND TRENDS

Stability and Effectiveness of the Regime

15. The DRV is organized on the normal pattern of all Communist "peoples democracies." Although the government of the DRV ostensibly represents all elements in a "united front" grouping (the Lien Viet), actual power resides in the Communist party (the Lao Dong or Workers Party). Out of a total population in North Vietnam of some 13 million, the Lien Viet is estimated to have approximately 8 million members, including the Lao Dong, which

³For an estimate of probable developments in Cambodia, see NIE 63.2-55, "Probable Developments in Cambodia Through July 1956," to be published in August 1955.

DIAPI-IA ISO NO. 62-358

SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 63.1-4-55

1955 SEP 11
OFFICE OF THE
SECRETARY OF DEFENSE
PM 3 20

CONSEQUENCES OF POSSIBLE US COURSES
OF ACTION WITH RESPECT TO VIETNAM

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 13 September 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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Director, Chief Coordination Group

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FOR THE SECRETARY OF DEFENSE

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CONSEQUENCES OF POSSIBLE US COURSES OF ACTION WITH RESPECT TO VIETNAM¹

THE PROBLEM

To estimate the deterrent effect on the Viet Minh of certain US courses of action; to assess the consequences of a US failure to counter overt Viet Minh aggression² and to assess the political repercussions of US armed intervention against Viet Minh aggression.

THE ESTIMATE

I. INTRODUCTORY NOTE

1. We continue to regard as valid the estimate made in NIE 63.1-55, namely that during the period of the estimate (to July 1956) "concern for Western and particularly US reactions, together with general considerations arising from over-all Bloc policy, will prevent the DRV from openly invading the South." We also believe that the present Communist policy of reducing international tension makes unlikely the resort to overt aggression.

II. DETERRENT EFFECTS ON THE VIET MINH OF THE US UNDERTAKING SUFFICIENT MILITARY, POLITICAL, AND ECONOMIC STEPS TO CLEARLY CONVINCE THE COMMUNISTS THAT OVERT AGGRESSION BY THE VIET MINH AGAINST SOUTH VIETNAM WILL BE MET BY SWIFT AND DETERMINED US ARMED INTERVENTION

2. This assumed US course of action would render even less likely than at present any overt aggression by the Viet Minh against South Vietnam. The Communists would prob-

ably estimate that: (a) Viet Minh forces alone would not be able to capture South Vietnam in the face of swift and determined US armed intervention; (b) Chinese Communist assistance would have to be on such a scale as to seriously risk spreading the war beyond Vietnam; and (c) acquisition of South Vietnam would not be worth such a risk. These considerations would lead the Communists to refrain from overt aggression even if they could see no prospect of winning South Vietnam by other means and believed they enjoyed a marked superiority in forces locally available.

3. The assumed US course of action would not in itself preclude either a Communist decision to initiate large-scale guerrilla action in South Vietnam or the clandestine support of such actions by the Viet Minh.

4. The deterrent effect on the Communists of the assumed course of action would be increased if the US made it clear that nuclear weapons would be used. If the US made it clear that nuclear weapons would not be used the deterrent effect would be reduced. However, the Communists would probably estimate that the US would not maintain such a position if faced with a deteriorating military situation. In the absence of any clear indication, the Communists would almost certainly base their plans on the possibility that nuclear weapons would be used.

¹The possible US courses of action considered herein were furnished the intelligence community for the purposes of this estimate.

²"Aggression" in this paper is defined as a Viet Minh attack by overt armed forces across the armistice line, of such a character that it can clearly be labeled as aggression and is generally regarded as such by free world opinion.

III. CONSEQUENCES OF / US FAILURE TO INTERVENE AGAINST AN OPEN VIET MINH ATTACK AFTER HAVING TAKEN THE PRERARATORY STEPS ASSUMED IN II ABOVE

5. The Communists would vigorously exploit the opportunities in Asia created by the failure of the US to intervene in Vietnam. Although Communist China and the Viet Minh would probably not launch early overt aggression against other countries, Chinese Communist diplomacy would probably become openly threatening, possibly supplemented by intimidatory troop movements near the Chinese Communist border with Burma and Laos or within Communist-held Vietnam. Communist policy would also be furthered by greatly increased support from overseas Chinese communities.

6. The Chinese Communists would probably apply strong pressure against those countries whose determination to resist Communist inroads had been most weakened. They would demand an accommodation to the Bloc going beyond the benevolent neutralism that is the current goal of Communist strategy in much of the area. Where more forceful action appeared necessary, Peiping would almost certainly encourage local Communist groups to resume and enlarge guerrilla operations and would support those operations more directly than in the recent past. In some cases units of Chinese Communist troops, possibly of minority origin, might be assigned to reinforce local guerrilla units. Communist operations against the offshore islands might be stepped up, but a full-scale attack against Taiwan would probably not be initiated.

7. The consequences of a US failure to intervene to save South Vietnam would be most serious in Asia. US prestige and influence would be drastically lowered, and the Manila Pact as an effective instrument against Communist aggression would almost certainly be destroyed. Even immediate and forceful subsequent US action elsewhere in Southeast Asia might not persuade any state in the area that further Communist pressure could be resisted. These countries would be reluctant to accept

US offers of assistance from fear that closer alignment with the US would merely invite the Communists to further acts of aggression and that in such an event US assistance would not be forthcoming. They would become increasingly inclined to attempt to maintain their independence through negotiated understandings with Peiping.

8. Both Laos and Cambodia would probably initially proclaim a neutralist position but would shortly enter into cultural and economic agreements with Communist China as the first steps toward political accommodation. Thai apprehensions for their own security would greatly increase. Successive government changes might bring to power a leadership amenable to an accommodation with Communist China. Burma would probably not consider such Communist action as a direct threat and would seek to remain neutral. Should the Thai government reach an accommodation with the Communists, Burma would become concerned and would probably seek a closer alignment with India. The British would be gravely concerned over the security of Malaya and would almost certainly press for the commitment of US forces to the defense of Malaya. Although the Philippines, South Korea, and Nationalist China would remain allied with the US, they would have grave doubts concerning the future. They would almost certainly press the US for a more concrete demonstration of its determination to defend them. In Japan, neutralist sentiment would increase. Indonesia would attempt to maintain a neutral orientation but would be drawn toward an accommodation with the Communist Bloc as Communist influence spread through mainland Southeast Asia.

9. The reactions of the Western European allies of the US would be mixed. On the one hand, they would be concerned about the implications of US withdrawal in the face of an open Communist attack, and there would probably be an increase in defeatist and neutralist sentiment. On the other hand, we believe that these concerns would tend to be offset by their relief that a crisis in the Far East had not led to a renewal of armed con-

flict which might embroil them in general war. In any event, the Europeans would not necessarily conclude that the US would fail to resist Communist aggression in Western Europe. Middle East defense arrangements might become more difficult because of a loss of confidence in US commitments.

IV. CONSEQUENCES OF A FAILURE OF THE US TO INTERVENE AGAINST AN OPEN VIET MINH ATTACK WITHOUT HAVING PREVIOUSLY MADE INTENTIONS CLEARER THAN THEY ARE AT PRESENT

10. The local reactions to the US failure to intervene under these conditions would be virtually the same in Southeast Asia as they would be under the conditions discussed in Section III above. It is widely believed in Southeast Asia that the US is already committed through the Manila Pact to the defense of South Vietnam and that it has strong moral obligations to the Diem government. However, if the US had made its intentions no clearer than at present, the Communists would be less inclined to believe that the US failure to intervene indicated that the US would not resist Communist aggression elsewhere. The Communists might therefore proceed more cautiously in their efforts to exploit the situation created by the fall of South Vietnam. Outside Southeast Asia, the damage to US prestige and the decline in the will to resist Communist pressure would be less than under the conditions discussed in Section III above.

V. CONSEQUENCES OF US ARMED INTERVENTION IF THE US (a) STATED ITS OBJECTIVE WAS LIMITED TO RESTORING THE STATUS-QUO AT THE 17th PARALLEL, OR (b) STATED ITS OBJECTIVE WAS TO DESTROY THE VIET MINH REGIME AND EXTEND NON-COMMUNIST CONTROL TO ALL VIETNAM

11. Asian and European approval of US armed intervention against clearly recognizable Communist aggression would be tempered in varying degrees by the fear that the fighting could not be limited to Vietnam. Our NATO allies and Japan would exert pressure on the US to limit its objective to restoring the status-quo and to keep its military actions clearly consonant with that objective. They would be deeply concerned if the US declared its objective to be the destruction of the Viet Minh regime, or carried the fighting beyond Vietnam. India and other neutrals would exert every effort to bring the fighting to an end.

12. The other nations of mainland Southeast Asia would be encouraged in their efforts to resist Communist pressure by US intervention. They too, however, would fear that the fighting could not be limited to Vietnam, and that they would become embroiled in general war in the Far East. Only Nationalist China, the ROK, and possibly Thailand and the Philippines, would give unqualified support to a US declaration that its objective was to destroy the Viet Minh regime and extend non-Communist control to all Vietnam.

13. The Communist reactions to US intervention would probably depend on the course of US military actions rather than on any statements of US objectives.

C O P Y

THE SECRETARY OF DEFENSE
WASHINGTON

15 September 1955

MEMORANDUM FOR THE EXECUTIVE SECRETARY
NATIONAL SECURITY COUNCIL

SUBJECT: U.S. Policy in the Event of a Renewal
of Hostilities in Vietnam

1. I transmit herewith for the information of the National Security Council a memorandum by the Joint Chiefs of Staff on the above subject, which was prepared in response to a request deriving from NSC Action No. 1415-a. I believe the Joint Chiefs of Staff analysis to be generally sound. We may wish to make some further comments on certain of the logistic implications outlined in Appendix "B", but in order to expedite NSC consideration of the problem, I am transmitting the Joint Chiefs of Staff memorandum at this time, with the understanding that we will be prepared, if necessary, to discuss it in greater detail in the Planning Board. I trust that this material will prove of substantial assistance in the Council's work on the policy question under consideration.

2. There are attached for information the two earlier memoranda (dated 11 February and 19 August 1955) to which reference is made in the basic JCS memorandum. There are also furnished copies of the two cables discussed in the latter of these memoranda.

3. Because of the sensitivity of the documents attached it is requested that they be distributed on a strictly limited, need-to-know basis. Extra copies of the cables are furnished so that they may be appended to the papers you distribute without the need for your office to reproduce them.

/s/ REUBEN B. ROBERTSON, JR.

1001

COPY

THE JOINT CHIEFS OF STAFF

Washington 25, D.C.

9 September 1955

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: U.S. Policy in the Event of a
Renewal of Aggression in
Vietnam.

1. This memorandum is in response to a memorandum by the Assistant Secretary of Defense (ISA), dated 19 August 1955, subject as above, in which he requested the Joint Chiefs of Staff to determine the implications and requirements of U.S. military operations, with and without atomic weapons, (1) to repulse and punish overt Vietminh aggression, or (2) to destroy Vietminh forces and take control of North Vietnam.

2. The Joint Chiefs of Staff consider that for the near future, unassisted South Vietnamese forces will be capable of only limited resistance against determined overt aggression by Vietminh forces. Without a warning period in which U.S. preparatory actions were taken, a portion of South Vietnam would probably be overrun, and the integrity of elements of the defending forces would be impaired or lost.

3. Under the foregoing probable conditions, the first task operations to repulse and punish overt Vietminh aggression would include:

a. Immediate U.S. naval and air attack against Vietminh forces.

b. Initial reliance upon Vietnamese ground forces supported by U.S. naval and air operations to oppose the aggression.

c. Early movement forward of mobile U.S. forces, for the purpose of conducting joint operations for tasks beyond the capabilities of South Vietnamese forces.

d. The provision of direct and increased logistical support to Vietnamese forces.

4. The Joint Chiefs of Staff consider that the second task, to destroy Vietminh forces and take control of North Vietnam would require an extension of the operations listed in paragraph 3 above, with the ultimate objective of creating conditions under which the forces of South Vietnam, the Associated States or SEACDT could assume responsibility for accomplishment of the second task. This would require a major campaign of pacification, accompanied by the development of additional indigenous forces for an enlarged mission. Such a campaign would be initiated by joint and combined operations in the Tonkin Delta area to seize bases and other important objectives and to cut supply lines from Communist China.

5. The success of intervention by U.S. forces in a swift and decisive action is believed dependent on the military energy and solidarity of the Vietnamese, the extent of warning and preparations made before an attack, the restriction imposed on U.S. military operations, and the season of the year. It is estimated that operations to carry out the first task could be terminated in a few months to one year to check aggression, but a longer time might be required to clear out all the Vietminh back to the 17th parallel. The time needed for carrying out the second task cannot be accurately estimated. Should employment of atomic weapons not be authorized a longer time would be required. Additionally, although the concepts would not require change, this restriction on the use of atomic weapons would not permit the most effective employment of U.S. armed forces and consequently might require greater forces than the U.S. would be justified in providing from the over-all point of view.

6. With reference to U.S. force requirements:

a. Naval forces currently assigned to the Pacific Fleet are ready to accomplish initial naval missions. For the first task one carrier task force, a bombardment force, an appropriate amphibious force, Marine detachments, and logistical resupply forces would be required. For the second task some augmentation in U.S. naval forces would be required.

b. Assuming the use of atomic weapons, Air Force requirements for either task would be two to three tactical Air Force wings and SAC forces as necessary. Assuming no use of atomic weapons, there would be an increase of tactical air requirements, particularly for the second task; however, sufficient air bases

are not available to position these larger forces. For both tasks, in addition to the forces above, tactical airlift for one airborne RCT and strategic airlift for one division would be required.

c. For the first task, ground forces in the magnitude of two to four U.S. divisions should be available for operations listed in paragraph 3 above. For the second listed task, it is estimated that a total strength of up to eight U.S. divisions would be required. Requirements for U.S. ground forces would be subject to reduction to the extent that effective forces were provided by other Manila Pact countries or by other Allies.

d. Forces available are as shown in Appendix "A".

e. Logistic requirements and implications are summarized in Appendix "B".

7. The effects upon other U.S. military commitments as a result of these operations by U.S. armed forces in Southeast Asia would be significant and in proportion to the amount of diversion of forces to this area and the speed with which these diverted forces are returned or replaced. However, the Fleet Marine Forces and certain Army forces in the Pacific could be deployed to the area temporarily without serious effects on other military commitments and without necessitating partial mobilization or substantial increases in force levels and budgetary support.

8. The strongest deterrent to Vietminh aggression, and, at the same time, the most effective preparatory military step would be the stationing of U.S. forces in South Vietnam. However, this course of action is prohibited, prior to an act of aggression, by the terms of the Geneva agreements. The next most effective deterrent would be to add to the deterrent effect of the forces presently deployed in the Far East by deploying mobile ground forces of approximately corps strength together with naval and air forces into the Southeast Asia area prepared for rapid commitment to South Vietnam. Nevertheless, the Joint Chiefs of Staff are of the opinion that at this time the major threat to South Vietnam continues to be that of subversion, and until there are more conclusive indications of overt aggression, it is not considered that additional forces should be deployed to the Southeast Asia area.

9. Preparatory military steps which might be taken are:

a. Continued efforts to increase the effectiveness of the South Vietnamese armed forces for countering external aggression as well as maintaining internal security. In this connection, reference is made to memorandum for the Secretary of Defense, dated 19 August 1955, subject: "Revised Force Base for Vietnam".

b. Continued improvement of bases in Thailand and Cambodia for use in support of Vietnamese forces.

c. Special training for selected Vietnamese personnel, outside of Vietnam if necessary, in U.S. methods of exploiting air and naval support in ground operations. Instruction might also be provided in the special tactics and techniques of employing atomic weapons support.

d. Accelerated progress in the military aspects of the Manila Pact including combined training. Exercises could be timed to attain optimum psychological and political impact; for example, joint and combined maneuver type exercises in the Philippines or Thailand could be scheduled immediately prior to the Vietnam elections to indicate progress made by non-Communist nations toward collective security, and readiness on the part of Manila Pact nations to carry out their commitments.

e. Aside from the foregoing, preparations can be made for the rapid movement of tactical air control parties and some ground liaison, logistic and communications personnel to Vietnam, in advance of major U.S. formations, to insure an early capability for U.S. supporting operations. Similarly, preparations can be made for early deployment of special U.S. forces to provide a capability for ground delivery of atomic weapons.

10. In the early stages, Vietminh aggression would probably be characterized by a fluid situation with dispersed clashes between opposing forces. In such operations, the opportunities for employing atomic weapons would not justify significant reductions in early force requirements. During later stages, however, suitable targets could be expected to develop as a result of friendly efforts to force concentrations or particularly if the Chinese Communists should intervene overtly. Use of atomic

weapons should result in a considerable reduction in friendly casualties and in more rapid cessation of hostilities. In any event, no prohibitions should be imposed on the use of atomic weapons, or on other military operations, to the extent of precluding effective military reaction as the situation develops. The Joint Chiefs of Staff consider that if atomic weapons were not used, greater forces than the U.S. would be justified in providing would probably be needed.

11. The Joint Chiefs of Staff reiterate the view expressed in their memorandum, dated 11 February 1955, subject: "Concept and Plans for the Implementation, if Necessary, of Article IV, 1, of the Manila Pact," that the United States cannot guarantee the territorial integrity of any member nation (of the Manila Pact), but at most can help secure the independence of those countries whose peoples desire it and who are willing to undertake the responsibilities of self government. This appears to be particularly applicable to protected, non-member countries.

12. The foregoing is a rough estimate of the requirements. A more definitive answer cannot be made until the Commander in Chief, Pacific, provides a plan which he is presently developing.

13. The Chairman, Joint Chiefs of Staff, did not participate in the action of the Joint Chiefs of Staff outlined in this memorandum.

For the Joint Chiefs of Staff:

(SIGNED)

N. F. TWining,
Chief of Staff, United States Air Force

APPENDIX "A"

AVAILABILITY OF U.S. ARMED FORCES

Annex "A" - Army Forces .

Annex "B" - Naval Forces

Annex "C" - Air Force Forces

ANNEX B-1 TO APPENDIX A-1

ARMY FORCES

<u>Unit</u>	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
1 Corps Headquarters 3/ 6/	D-Day	D/45	D/30
1 Abn Div 2/ 6/	D-Day	D/45	D/30
1 Inf Div 2/ 6/	D-Day	D/45	
1 Abn Div 1/ 6/	D/75	D/120	D/100
1 Inf Div 3/	D/180	D/225	D/205
1 Inf Div 3/	D/210	D/255	D/235
1 Inf Div 3/	D/240	D/285	D/265
1 Abn RCT 3/ 6/	D/45	D/90	D/58
1 Armd Cav Regt 3/ 6/	D/45	D/90	
1 Armd Cav Regt 3/ 6/	D/75	D/120	
1 Inf Div 4/	D-Day	D/32	
1 Abn RCT 4/	D-Day	D/25	D/3
1 Inf Div 2/ 5/	D-Day	D/50	D/45

- 1/ Western Hemisphere Reserve
- 2/ Committed to NATO
- 3/ General Reserve
- 4/ Located in Area of CINCPAC
- 5/ Located in Area of CINCPAC
- 6/ Designated as Augmentation Forces for Contingency Planning of CINCPAC and CINCPAC

NOTE: Column 1 is based on readiness or availability of units. Column 2 indicates the time units could be available in the area based on surface shipping. Column 3 indicates the time the assault echelons of specified units could be available in the area based on air movement, and provided combat and service support can be provided by the force commander until the non-air transportable portion of the units have arrived by surface shipping. The above schedule does not take into consideration the availability of lift, nor other requirements for lift, including possible deployments of other Services.

ANNEX "B" TO APPENDIX "A"

NAVY AND MARINE CORPS FORCES

FAR EAST 1/

PACIFIC 1/

U.S. NAVY

Attack Carriers	-	9
ASW Support Carriers	-	3
Escort Carriers	-	1
Battleships	-	-
Cruisers	1	8
Destroyers	4	93
Submarines	1 3/4	41 (4 Red)
Amphibious Lift (Div)	4/	1-1/4 1/
Patrol Squadrons (VP)	2	14
Airship Squadrons (ZP)	-	-

U.S. MARINE CORPS

Division	(2/3) 2/	2 2/
Air Wings	(2/3) 2/	1-2/3 2/

FOOTNOTES:

- 1/ CINCPACFLT maintains under a fleet commander in the Western Pacific, using bases in Japan, Korea, the Ryukyus, Philippines and Marianas a fleet composed of:
 - a. A combat-ready task group consisting of attack carriers with supporting combat ships. (Currently approximately 3-4 attack carriers, 1 ASW support carrier, 2 cruisers, 32 destroyers.)
 - b. Anti-submarine warfare units including escorts and patrol aircraft.
 - c. Appropriate submarine and mine warfare units.
 - d. Requisite number of auxiliaries including an under-way replenishment group. This fleet is in addition to those forces shown located under "Far East". Additional PACFLT forces may be considered available for operations short of general war, subject to specific determination in the light of conditions prevailing at the time, as follows:

1 Attack Carrier and 1 Escort Carrier with supporting combat ships and 3 Patrol Squadrons. 1-1/3 MarDivs, 1 MarAirWing, and Amphibious Troop Hdqtrs and 2/3 Amphibious Lift (Div).

Both CINCPAC (and CINCPFE) should plan for use of the forces available in the Far East-Western Pacific area plus the augmentation shown above for contingency planning.

- 2/ 2/3 Marine Divisions and 2/3 Marine Air Wings included under forces located in the Pacific are based in Far East and temporarily assigned CINCPFE.
- 3/ From submarines maintained by CINCPACFLT in Western Pacific.
- 4/ An amphibious task group from PACFLT is temporarily assigned to the operational control of COMNAVFE in connection with the current situation in the Far East Command.

ANNEX "C" TO APPENDIX "A"

AIR FORCE FORCES

<u>Unit</u>	<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
1 Ftr Bomb Wing	D-Day	D+4-5	D+5
1 Ftr Bomb Wing	D-Day	D+4-5	D+8
3 Ftr Int Sqs	D-Day	D+4-5	
1 Hvy Troop Carrier Wg	D-Day		D+7
1 Med Troop Carr Wg	D-Day		D+10

SAC support and such support from CINCPAC as is directed by the Joint Chiefs of Staff.

NOTE. Column 1 above indicates the day on which units will be ready for deployment from their own base. Column 2 indicates the time the units could be available in the theater based upon surface shipping. Column 3 indicates the time the units would be available in the theater if the air transportable elements of the units were airlifted. The above schedule does not take into consideration the availability of lift; nor other requirements for lift, including possible deployments of other Services.

APPENDIX "D"

LOGISTIC REQUIREMENTS AND IMPLICATIONS

1. Logistic Force Requirements

a. Approximately 15,000 Army technical Service troops will be required in support of each U. S. Army combat division deployed. Approximately 7,500 Marine Corps and Navy Service Troops will be required to support each Marine Division - Marine Aircraft Wing Task Force while operating independently against opposition in this area. For sustained operations with the U. S. Army, the Marine Air Ground Task Forces will require appropriate logistic service support backup at the field Army level.

b. Naval mobile logistic support forces would be based in Philippines.

c. Water transport for up to four divisions for the first task, and up to eight divisions for the second task would be required.

d. Water transport for resupply to all combat and forward area supporting forces would be required.

e. Augmentation of Air Force support forces in Philippines would be needed.

f. Augmentation of Pacific Division, MAHS, to increase capability up to an additional 300 tons/month would be required.

g. Unless jet air bases are made available in Vietnam prior to the outbreak of hostilities, an aviation engineer effort of up to 25 aviation engineer battalion months per air field may be required to provide air bases for those jet air units to be deployed to Vietnam.

2. Logistic Force Availabilities

a. The majority of the required Army technical troops are available in General Reserve. The remainder are available only in Reserve components or in the Army of the United States. Some deficiencies would

exist up to D+6 months, if more than three Army divisions are deployed. Of the required Marine Corps logistic support forces, an adequate nucleus is available to support up to two Marine Air Ground Task Forces. Prolonged independent operations would require additional logistic support forces to sustain such operations.

b. Units to constitute mobile logistic support forces are available in the active fleet. However, in the event of a prolonged emergency, additional logistic support units would be required to support sustained operations.

c. Water transport for up to four divisions (administratively loaded), to include initial equipment and supplies within a period of 60 days, and for up to four additional divisions during the initial stages of the second task are available. In connection with the above, the following shipping capability is estimated to be available:

Notional Transport Capability - Pacific

	<u>Notional Ships</u>
MSTS (active & ROS)	35.5
Commercial (active)	3.5
Reserve (by D+10 days)	4.6
Reserve (by D+40 days)	<u>23.4</u>
Total by D+40	63.0

Notional Cargo Capability - Pacific

MSTS (active)	17
MSTS Active Heavy lift C4s	2
Commercial (active)	185
Reserve (VC2's) (by D+40 days)	<u>20</u>
Total by D+40	224

The reserve vessels can be activated as indicated on an emergency basis if highest priority is given for men, materials, and facilities. In view of the above capability existing shipping capacity can meet a requirement of approximately three divisions and supporting equipment after positioning of shipping is effected (approximately D+20 days). By D+50 days

October 6, 1955

POLITICAL AND ECONOMIC MEASURES IN EVENT
OF A RENEWAL OF AGGRESSION IN VIET-NAM

The following study is submitted in response to the Planning Board Memorandum of August 16 which called for a State Department "study of political and economic measures which would be required in support of the operations" which are described in the JCS Memorandum for the Secretary of Defense dated 9 September* "including preparatory steps which might have a deterrent effect."

A. POLITICAL:

Deterrent

1. The most important political action which the US could take to deter overt Viet Minh aggression would be a clear reaffirmation in official public statements of US intention to take vigorous action under the protocol to the Manila Pact in the event of such aggression.
2. Similar statements from other members of the Manila Pact would also provide a useful deterrent.
3. Possibilities of securing such statements would be affected by the degree to which the Government of Viet Nam could make it clear that the onus for any such aggression

* Enclosure to Memo for NSC, "U.S. Policy in the Event of a Renewal of Aggression in Vietnam", September 16, 1955.

would lie with the Viet Minh. Similarly, demonstration by the Government of Viet Nam of its determination and intent to maintain itself as an independent anti-communist country will assist in securing for it international support and will serve as a deterrent to Viet Minh aggression. Accordingly, the US should continue to prevail upon the Government of Free Viet Nam to follow courses of action which will assist in such developments. In particular it should attempt to persuade the Government of Free Viet Nam to establish a National Assembly as soon as possible which would be endowed with authority to draw up a constitution to determine the relationship of Viet Nam with France and other countries, and declare the official position of Free Viet Nam with respect to the pre-election consultations with the Viet Minh and the elections called for under the Geneva agreement.

4. The US could also undertake political action to assist in establishing military deterrents to aggression such as arranging facilities for introduction of US mobile ground forces into the Southeast Asian area should such commitment of forces be decided upon. US political action would also be helpful if improvement of bases in Thailand or other areas in Southeast Asia were required.

Action in the Event of Aggression

5. In the event of Viet Minh overt aggression, the US should stimulate an official Viet-Namense request to the Manila Pact signatories for assistance under the protocol

to the Pact and Article IV of the treaty. The US should strongly support the Viet Namese request and use its influence to secure action by the members of the Pact under their treaty obligation.

6. The US should stimulate and assist a Viet Nam initiative to bring the issue to the Security Council of the United Nations in an effort to secure condemnation of the Viet Minh and a UN resolution calling for a cessation of aggression. The US should consider in the light of the circumstances at the time whether or not it should seek designation as United Nations Commander in an organized UN action.

7. The US would undoubtedly have to insist that a supreme command of any forces contributed either under the Manila Pact or under the United Nations should be vested in the US. The US would have to arrange for such command in a way to avoid derogation of the sovereignty of Free Viet Nam. It should emphasize that Free Viet Nam had formerly called upon its Manila Pact protectors to deploy troops within its territory to repel Viet Minh aggression. It should emphasize the fact that US exercise of supreme command and the presence of foreign forces in Viet Nam were strictly temporary phenomena and should allay any suspicion that the US intended to establish a colonial regime.

B. ECONOMIC

8. Viet Minh aggression and consequent introduction of foreign troops into Free Viet Nam would seriously upset the Viet Namese economic pattern. The production of paddy and rubber would be further reduced. Support of forces would necessarily come from abroad. Viet Nam would become even more dependant upon foreign aid. Military necessity would require Viet Nam to accept increased foreign control of its economic affairs. Matters such as foreign exchange, and international trade would have to be delegated to the Supreme Military Command. The US would have to be prepared to extend substantial economic assistance to Viet Nam and to exercise a considerable degree of economic authority.

16 December 1955

MEMORANDUM FOR THE SECRETARY OF THE NAVY

SUBJECT: Southeast Asia Collective Defense Treaty (SEATO) Staff Organization

Reference is made to the forthcoming meeting of the SEATO Council to be held at Karachi, Pakistan, commencing 6 March 1956.

The Department of State has informed this office that pressure is increasing, particularly from the Asian members of SEATO, for a permanent SEATO Council and Military Staff organization. At a recent meeting of the Military Staff Planners held at Pearl Harbor, TH (1-15 November), it was the conclusion of the U.S. representatives that the position of the U.S. relative to avoiding a commitment to the concept of a permanent SEATO military staff organization was fast becoming untenable. CINCPAC reported this in his message to CNO, 230211Z November, when he stated "It has been U.S. policy to oppose formation of a permanent SEATO staff organization. In this connection, formation of some sort of permanent SEATO staff organization may be inevitable and U.S. eventually may find it necessary to yield on this point or find itself in no position to refute 'paper tiger' charges. It may be more realistic to take the initiative in this matter so as to be in a better position to influence the size and shape of the end product."

The attitude of the Asian countries signatory to the Treaty indicates that they are losing faith in SEATO as a means for deterring Communist expansion in Southeast Asia. In this connection, the Asian States consider that the U.S. is not leading sufficient support to SEATO. Further, the recent Russian visits to Southeast Asia and continuing Chinese Communist activities in the area could result in the Asian members of the Treaty leaning more to a neutralist position.

The Department of State is currently re-examining the U.S. position as pertains to a permanent staff organization for the SEATO Council and has indicated that, due to the need for adding "substance" to SEATO, consideration is being given to the desirability of a U.S. proposal at the 6 March Council meeting, for the establishment of a permanent SEATO Council staff.

SecDef. Cont. No. S-578

It is requested that the Department of the Navy obtain CINCPAC's detailed views on this matter. Upon receipt of CINCPAC's views they will be presented to the Joint Chiefs of Staff for consideration in conjunction with other policy factors as a basis for the development of a Department of Defense position regarding a permanent military staff organization.

(Signed)

E. Perkins McGuire
Acting Assistant Secretary of Defense (ISA)

2 cys SecNavy
1 cy SecArmy
1 cy SecAF
1 cy CH. JCS
1 cy OSD
1 cy R&C
1 cy Reading file
2 cys SAFE

Lt.Col. Queenin/j/s/ofma safe
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I-16501/5

SECRET



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D.C.

INTERNATIONAL SECURITY AFFAIRS

In reply refer to I-12377/6.

25 January 1956

To: The Secretary of Defense

From: The Assistant Secretary of Defense (ISA) *[Signature]*

Problem: An Interagency Military Costing Team recently returned from a five weeks mission to Free Viet-Nam. The proposed letter to the Secretary of State summarizes the Team's findings and requests his assistance in correcting the serious logistic situation.

Discussion: 1. Finance: Partially as a result of the Costing Team's efforts, estimates of annual Defense Support and Direct Forces Support dollar requirements have been reduced by \$70 million to \$90 million a year.

2. Logistics: Tens of millions of dollars of U.S. equipment and supply are now being lost. Only prompt State-Defense action can correct the deficiencies. The Team reported: (a) "Two warehouses were recently found to contain 120 tons of medical supplies of which no one had prior knowledge." (b) 1,000 vehicles and 14,000 major assemblies are sitting in the rain and mud deteriorating rapidly. (c) "...the capability of supply of forces in the field in the event hostilities should be resumed in mid-1956 would be virtually non-existent." (d) "...the MAAG personnel have done their utmost to protect U.S. interests; there are just not enough individuals to go around."

3. Personnel Requirements: 150 to 200 Americans skilled in military supply and logistics are urgently needed in Viet-Nam. Authority to add this number requires State Department concurrence.

4. Collins-Ely Agreement: The Collins Ely Agreement of 1 Dec 1954, provides that U.S. equipment in the hands of the French in Free Viet-Nam is to be returned to U.S. or Vietnamese control when determined by joint U.S.-French review to be no longer needed for the purposes for which originally made available. This Agreement is not being implemented by the French, with loss of assets to U.S. and loss of Vietnamese logistic capability.

Implementation: If Mr. Dulles can (a) make it possible to bring in the additional Americans (as you requested in your letter to him dated 13 Dec 1955 - see tab A) and (b) arrange with the French for implementation of the Collins-Ely Agreement, DoD can proceed with its plans to solve the problem.

Recommendation: That you sign the attached letter.

Concurrence: None.

1045

JAN 31, 1956

Dear Mr. Secretary:

Since my letter to you of the 13th of December regarding the Viet-Nam situation, the Interagency Costing Team, sent to Saigon to study military finance and related matters, has returned and submitted its report. The recommendations of the Team will lead to substantial improvements in budgeting, including savings of millions of dollars during the calendar year 1956. Steps have already been initiated to realize these savings.

The Team also studied the logistic situation in Free Viet-Nam and has reported deficiencies which are of greatest concern to me. Only by prompt action at highest departmental levels will it be possible to correct the problems.

Since the recent heavy phasedown in French forces, or adequate logistic capability in Free Viet-Nam no longer exists. The Team reported that "...the capability of supply of forces in the field in the event hostilities should be resumed in mid-1956 would be virtually non-existent." From the standpoint of preservation of U.S. assets, the situation is also most unsatisfactory. Adequate control of MOAP spares and supplies has, in large part, been lost.

We have concluded that not less than \$100,000,000 worth of MOAP materiel can be saved if prompt corrective action can be taken. Such action includes the availability in Viet-Nam in the immediate future of 150 to 200 Americans skilled in supply management and logistics.

A further essential factor in achieving effective supply control is the implementation of the Collins-Ely Minute of Understanding of 1 December 1954. This Agreement provides for the return by the French of U.S. equipment no longer required for the purposes for which originally made available. The Agreement further states that decisions on what is to be returned should be made jointly by French and U.S. representatives. Nevertheless, the French are making these decisions unilaterally; it appears that they are carefully sorting out the useful, serviceable items for their own use, and returning the excess and salvage. We know of no valid reason why U.S. personnel should not be allowed to enter French military storage areas to participate in these determinations.

Your assistance in (a) making it somehow possible to bring in additional personnel, and (b) arranging with the French for effective implementation of the Collins-Ely Minute of Understanding is requested on an urgent basis. I recognize that in reaching your conclusions, you must also weight other factors not discussed in this letter. To enable the Department of Defense to carry out its responsibilities in Free Viet-Nam, however, a solution along the lines discussed above is essential.

Sincerely yours,

SIGNED

C.E. WILSON

The Honorable

The Secretary of State

2 cys State
1 cy OSD
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1 reading file cy
1 yellow -- office cy (Westdott)

Prepared by JBWestcott/js/2E837
54175 - 12377/6
Rewritten by Gordon Gray/jcp

Intelligence Brief

No. 1876

February 7, 1956

Office of Intelligence Research

THE GENERAL SITUATION IN SOUTH VIETNAM

The position of the government of South Vietnam is appreciably stronger than it was a year, or even six months, ago. Within the past several weeks, however, signs of new political stresses have appeared, and the Communists are apparently stepping up their campaign against the South Vietnamese Government.

The coming months are likely to see new crises, in view of: 1) the Chinese Communist request on January 26 for a reconvening of the 1954 Geneva Conference on Indochina; 2) the absence of any real prospect that the nation-wide election, stipulated in the Final Declaration of the 1954 Geneva Conference, will be held by July; and 3) the reported increase in opposition to President Ngo Dinh Diem and the Communist attack on programs strengthening the Diem government, specifically, the March 4 election for a national constituent assembly.

Internal Security

Since the virtual elimination of the Binh Xuyen as a military force and the neutralization of a major portion of the Cao Dai units, the principal threats to internal security in South Vietnam come from the clandestine Communist apparatus and from the remnants of the Hoa Hao sect. The Communists have an estimated 10,000 guerrillas in South Vietnam, scattered in small groups in rural areas but presumably still responsive to control from Hanoi. The principal infested areas are the plateau region of northern South Vietnam, the southern peninsula (Camau), and the canal-woven area southwest of Saigon where the Vietnamese National Army (VNA) is currently engaged in operations against the Hoa Hao. Communist agents reportedly have been

REPORT AND NOT A STATEMENT OF DEPARTMENTAL POLICY

successful in infiltrating remaining Hoa Hao groups --- chiefly Ba Cut's organization. The latter's increasingly effective defensive tactics have made recent VNA operations relatively costly.

In addition to the continuing presence of these guerrilla elements, the Communists have presumably tried to penetrate all branches of the government. The most frequent reports suggest heavy penetration of the Information Ministry. The absence of reliable information does not disprove some probable penetration of police and military services, particularly at lower levels. The Communists have a surviving capability to disrupt governmental operations, and perhaps to immobilize the regime, through a coordinated campaign of terror and assassination -- a capability they have thus far chosen not to exercise.

Political Problems

The March 4 election will, in all probability, produce a national assembly that will overwhelmingly support Diem and approve the constitution that a pro-Diem commission has prepared. The constitution will establish a presidential system with separation of powers. Balloting will not indicate accurately the extent of anti-Diem sentiment, for a number of nationalist leaders, particularly refugees from the north, appear disinclined to risk censure or repression by contesting the election as opposition candidates.

It will be essential, in the immediate future, that Diem have effective control over the administration and the national assembly. He has the support of the National Revolutionary Movement (NRM), which has become, in effect his political party. There is some question, nevertheless, whether at present Diem is unnecessarily antagonizing elements which might add strength to the future government. He remains almost pathologically sensitive to criticism and potential opposition, with the result that the regime is becoming increasingly autocratic despite his democratic principles. In view of Diem's skill in dealing with dissident elements over the past year, it will perhaps be wise to give him the benefit of the doubt during the pre-election period.

Economic Conditions

There has been little recent change in the economic picture in South Vietnam. Rice prices, which rose precipitously during the summer and fall due largely to poor distribution, have now returned to normal. A major program for resettlement in southwest Vietnam of up to 100,000 of the refugees from the north is now developing, with US and other foreign support. If successful, it would simultaneously reduce the problems of 1) the refugees, 2) increased agricultural production, and 3) internal security in rural areas.

International Aspects

The Chinese Communist request for a reconvening of the Geneva Conference broadened to include the International Control Commission members, probably indicates that the Communists will continue to drive for "reunification" of Vietnam by political and diplomatic means rather than by a resort to large-scale violence -- at least until their proposal is definitively rejected. The Indians, as well as the Communist countries, will probably approve the call for a new conference. They apparently wish to see the ICC continue in operation, which would require the Vietnamese to assume some of the functions assigned to the French by the 1954 agreements.

The French are likely to continue the withdrawal of their forces (now reduced to about 15,000) in South Vietnam, to avoid formal termination of its informal mission to the DRV headed by M. Sainteny, and -- despite current opposition -- may come to favor a new conference as a means of relief from their obligations under the 1954 agreements. The British have become increasingly reconciled to an extended partition of Vietnam, now have greater confidence in Dien's strength, and would prefer to avoid or at least postpone a new Geneva Conference. The British, however, still hope that Dien can be brought to accept some form of north-south consultation, even without prospect of success.

March 15, 1956

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

BASIC NATIONAL SECURITY POLICY

- References:
- A. NSC 5501
 - B. NIE 11-3-55; NIE 11-7-55;
NIE 11-13-55; NIE 11-13/1-55;
NIE 100-7-55; SNIE 100-8-55
 - C. NSC 5602
 - D. Memos for NSC from Acting Executive Secretary, same subject, dated February 13 and 24, 1956
 - E. Memo for NSC from Executive Secretary, subject: "U. S. Policy in the Event of a Renewal of Aggression in Vietnam", dated September 16, 1955
 - F. NSC Action No. 1522

The National Security Council; the Secretary of the Treasury, the Attorney General, the Special Assistant to the President for Disarmament, the Chairman, Atomic Energy Commission, Mr. Ralph Spear for the Federal Civil Defense Administrator, and the Director, Bureau of the Budget, at the 277th and 278th meetings of the Council on February 27 and March 1, 1956, discussed the subject on the basis of the reference report (NSC 5602) in the light of the recommendations of the NSC Planning Board, transmitted by the reference memorandum of February 13, and the views of the Joint Chiefs of Staff, transmitted by the reference memorandum of February 24, 1956. The Council adopted the statement of policy contained in NSC 5602, subject to the changes set forth in NSC Action No. 1522-b.

The President has this date approved the statement of policy in NSC 5602, as amended and adopted by the Council and enclosed herewith as NSC 5602/1, and directs its implementation by all appropriate executive departments and agencies of the U. S. Government, with the understanding that final determination on budget requests based thereon will be made by the President after normal budgetary review.

NSC 5602/1 is a substitute for NSC 5501 and is the basic guide in the implementation of all other national security policies, superseding any provisions in such other policies as may be in conflict with it. Progress reports to the National Security Council on other policies should include specific reference to policies which have been modified by NSC 5602/1.

NSC 5602/1

At the time that the Council adopted the enclosed policy it also took the following actions (NSC Actions 1522-c through -h):

- c. Requested the Department of Defense to make a presentation on the capabilities, with or without nuclear weapons, of the U. S. military forces referred to in paragraph 32 and other appropriate paragraphs of NSC 5501, to deal with local aggression in Vietnam, utilizing as appropriate the study transmitted by the reference memorandum of September 16, 1955.
- d. Agreed that the Council, after submission to the President of the report on the subject now in preparation by the Chairman, Council on Foreign Economic Policy, should give further consideration to basic U. S. policies with respect to the less developed and uncommitted areas.
- e. Requested that a presentation to the Council on the problem of technological superiority be made by the Department of Defense, the Office of Defense Mobilization, and the National Science Foundation; with the collaboration of the Department of Health, Education and Welfare on those aspects of the presentation respecting the educational objectives in the United States.
- f. Agreed that intensive efforts should be continued on all aspects of the problem of devising a safeguarded system of disarmament.
- g. Requested the Operations Coordinating Board, with the participation of the Department of Justice, to prepare a study of the factors involved in implementing paragraph 35 of NSC 5602, dealing with free world-Communist bloc contacts; and directed the NSC Planning Board to review pertinent policies (particularly NSC 5508/1 and NSC 5427) based upon such an OCB study.

- h. Noted the President's request that the Department of Defense and the Office of Defense Mobilization, in consultation with the Bureau of the Budget, prepare for Council consideration a definition of the term "mobilization base".

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Special Assistant to the President for Disarmament
The Director, Bureau of the Budget
The Chairman, Atomic Energy Commission
The Federal Civil Defense Administrator
The Chairman, Council of Economic Advisers
The Chairman, Council on Foreign Economic Policy
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

BASIC NATIONAL SECURITY POLICY

PREAMBLE

1. The spiritual, moral and material posture of the United States of America rests upon established principles which have been asserted and defended throughout the history of the Republic. The genius, strength and promise of America are founded in the dedication of its people and government to the dignity, equality and freedom of the human being under God. These concepts and our institutions which nourish and maintain them with justice are the bulwark of our free society and are the basis of the respect and leadership which have been accorded our nation by the peoples of the world. When they are challenged, our response must be resolute and worthy of our heritage. From this premise must derive our national will and the policies which express it. The continuing full exercise of our individual and collective responsibilities is required to realize the basic objective of our national security policies: maintaining the security of the United States and the vitality of its fundamental values and institutions.

NSC 5602/1

SECTION A

OUTLINE OF U. S. NATIONAL STRATEGY

2. The basic objective of U. S. national security policy is to preserve the security of the United States, and its fundamental values and institutions.

3. The basic threat to U. S. security is posed by the hostile policies and power, including growing nuclear* power, of the Soviet-Communist bloc, with its Communist ideology and international apparatus.

4. The basic problem confronting the United States is how, without undermining fundamental U. S. values and institutions or seriously weakening the U. S. economy, to meet and ultimately to reduce to acceptable proportions this threat to U. S. security.

5. The United States and its allies have no foreseeable prospect of stopping the growth of Soviet nuclear capabilities and of reducing Soviet armed strength--the core of Communist power--or of significantly reducing other basic Communist military strength, except by mutually acceptable agreements with the Soviets or by large-scale military action. The initiation by the United States of such military action for this purpose is not an acceptable course either to the United States or its major allies.

6. Hence, U. S. policies must be designed (1) to affect the conduct and policies of the Communist regimes, especially those of the USSR, in ways that further U. S. security interests (including safeguarded disarmament); and (2) to foster tendencies that lead them to abandon expansionist policies. In pursuing this general strategy, our effort should be directed to:

* As used in this paper, the term "nuclear" refers to any military device of any size or purpose which utilizes energy released in the course of nuclear fission or fusion.

a. Deterring further Communist aggression, and preventing the occurrence of total war so far as compatible with U. S. security.

b. Maintaining and developing in the free world the mutuality of interest and common purpose, the confidence in the United States, and the will, strength and stability, necessary to face the Soviet-Communist threat and to provide constructive and attractive alternatives to Communism, which sustain the hope and confidence of the free peoples.

c. In addition to a and b above, taking other actions designed to foster changes in the character and policies of the Soviet-Communist bloc regimes:

(1) By influencing them and their peoples toward the choice of those alternative lines of action which, while in their national interests, do not conflict with the security interests of the United States.

(2) By exploiting differences between such regimes to disrupt the structure of the Soviet-Communist bloc.

(3) By exploiting vulnerabilities within the bloc countries in ways consistent with this general strategy.

d. Destroying or neutralizing the international Communist apparatus in the free world.

7. To carry out effectively this general strategy will require a flexible combination of military, political, economic, psychological, and covert actions which enables the full exercise of U. S. initiative. These actions must be so coordinated as to reinforce one another. Programs for carrying out this general strategy should be developed and conducted as a matter of urgency, with special emphasis in the period before the Soviets achieve nuclear parity.

8. Provided that it is resolutely pursued, this general strategy offers the best hope of bringing about at least a prolonged period of armed truce, and ultimately a peaceful resolution of the Soviet bloc-free world conflict and a peaceful and orderly world environment. Failure resolutely to pursue this general strategy could, within a relatively short span of years, place the United States in great jeopardy.



UNITED STATES - VIETNAM RELATIONS

1945 - 1967

V. B. 3.

JUSTIFICATION OF THE WAR

- INTERNAL COMMITMENTS -

The Eisenhower Administration, 1953 - 1960

BOOK IV: 1956 French Withdrawal - 1960

JUSTIFICATION OF THE WAR -- INTERNAL COMMITMENTS

The Eisenhower Administration, 1953 - 1960

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1956 French Withdrawal - 1960

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269.	The State Department informs Defense of the understanding that TERM personnel will perform functions of training which are inseparable from tasks of recovering and maintaining MDAP equipment. Only formal approval by the ICC is necessary for the TERM to arrive in Vietnam.. State Letter to Secretary of Defense, 1 May 1956.....	1057
270.	The Army states its position on the Southeast Asia issue. Specifically, the U.S. should qualify its position with neutral nations, should allocate the major proportion of U.S. resources into economical and technical assistance, should assist indigenous forces to provide internal security, should prepare to intervene against aggression, and should oppose continuance of colonialism. Army Memorandum for NSC Planning Board, 20 June 1956.....	1060
271.	The President approves U.S. military action to encourage Vietnamese military planning for defense against external aggression and to manifest other ways to assist Vietnam to defend itself in accordance with the Manila Pact. Secretary of Defense Memorandum for JCS, 16 July 1956.....	1064

272. The intelligence estimate of the political, economic, and military situation in Vietnam through mid-1957 concludes that: (1) DRV will not attempt an invasion of South Vietnam; (2) the trend toward stability in South Vietnam will continue barring invasion, guerrilla action, or death of Diem; (3) basic economic progress will be slow; and (4) significant sect resistance has been eliminated, but 8-10,000 armed communists pose a serious internal security problem. NIE 63-56, 17 July 1956..... 1066
273. The President approves NSC 5612 statement of U.S. policy in mainland Southeast Asia. This policy treats the Viet Minh as not constituting a legitimate government and sets forth actions to prevent the Viet Minh from expanding their political influence and territorial control in Free Vietnam and Southeast Asia. NSC 5612/1, 5 September 1956..... 1082
274. The JCS recommend that the United States make no specific force commitments to the SEATO, but that the Military Advisor inform SEATO nations of the U.S. forces deployed and available to the Pacific for contingency planning. JCS Memorandum for Secretary of Defense, 16 November 1956.... 1096

275. Defense urges the State Department to seek international concurrence in the abolition of the ceiling on MAAG personnel in Vietnam in order to fulfill increased training requirements resulting from withdrawal of French training missions. ISA Memorandum to State, 15 April 1957..... 1098
276. Vietnam seems clearly persuaded that its interests lie in stronger affiliation with the Free World. The Army in Vietnam is now capable of insuring internal security. 321st NSC Meeting, 12 May 1957..... 1100
277. The prospects for North Vietnam for the next year are estimated. Essentially, it is concluded that the DRV remains in firm control even though there have been outbreaks of sporadic violence, that the DRV would attack only if Moscow and Peiping were sure that the U.S. would not intervene, and that the DRV will continue its tactics of "peaceful competition." NIE 63.2-57, 14 May 1957..... 1101
278. President Diem discusses his plans and programs with Deputy Secretary Donald Quarles. Among these are the resettlement programs, road building, the SEATO plan, and reorganizing the Army structure to include an increase in strength to 170,000. ISA Memorandum for Record, 15 May 1957..... 1103
279. Progress is reported in developing a representative government in Vietnam. Executive leadership is strong but effective counter measures against non-violent Communist subversion remains a priority requirement. NSC Planning Board Meeting, 26 November 1957..... 1108
280. The NSC considers a progress report on U.S. policy on mainland Southeast Asia (NSC 5612/1) which is essentially the same as the Planning Board report. 347th NSC Meeting, 5 December 1957..... 1111
281. NSC 5809 reaffirms that the national independence of Southeast Asia is important to the security interests of the United States. NSC 5809 contains draft revisions of NSC 5612/1. A statement of policy on the special situation in North Vietnam is included which continues to treat the Viet Minh as not constituting a legitimate government. NSC 5809, 2 April 1958..... 1113
282. In general, the U.S. is achieving its objectives in Vietnam. Major problems which exist consist of the continued dependence on foreign aid, political and security problems of the Diem Government. Both military and economic assistance will be reduced in FY 58 and FY 59, compared to FY 57. OCB Report on Southeast Asia, 28 May 1958..... 1134

283. Draft editorial amendments of NSC 5429/5 are forwarded to the National Security Council for consideration. Substantive change in U.S. policy is not intended but elimination of ambiguity in use of the term "hot pursuit" where doctrinal meaning in international law conflicts with use in NSC 5429/5. JCS study on "hot pursuit," 23 October 1958, is included. Memorandum for the NSC, 5 January 1959..... 1148
284. Vietnam displays serious concern about developments in Laos, Cambodia's recognition of Communist China, and the U.S. position in the Taiwan straits. Major problems facing the U.S. are Diem's internal political position, internal security, and economic development. CIA analysis and financial summaries of assistance programs to Southeast Asia are included. OCB Report on Southeast Asia, 7 January 1959..... 1156
285. Defense (ISA) suggests that it is advisable to withhold the replacement of F-8F aircraft in VNAF with AD-4 type aircraft. Defense Memorandum for JCS, 22 January 1959..... 1183
286. The JCS recommends improvement of Tan Son Nhut Airfield and Tourane Airfield be improved for jet aircraft "under the guise of commercial aviation." JCS Memorandum for Secretary of Defense, 19 March 1959..... 1184
287. Responsibilities within the Defense Department are assigned for the twenty courses of action in the OCB "Operation Plan for Vietnam." Among the courses of action are: popularize the image of Vietnam among neutralists, probe weaknesses of the Viet Cong, develop maximum combat capabilities of RVNAF, and encourage GVN to maintain an effective Self-Defense Corps. ISA Memorandum for JCS, 20 May 1959..... 1185
288. An intelligence analysis of the situation in Vietnam and estimates of probable developments conclude that (1) the prospect of reunification of DRV and GVN is remote, (2) Diem will be President for many years by repressing opposition via the Can Lao political apparatus, (3) internal security forces will not be able to defeat DRV supported guerrilla and subversive forces, (4) GVN will continue to rely heavily on U.S. aid, (5) and DRV is in full control of North Vietnam and likely to continue harassment of GVN and Laos. NIE 63-59, 26 May 1959..... 1190

289. The Department of State submits a draft revision of NSC 5429/5, U.S. policy in the Far East. The principle objectives of U.S. policy should be: (1) preservation of territorial and political integrity of Asian nations against communist expansion, (2) deterrence of local or general war, (3) bring about desirable changes in the Communist Bloc, (4) strengthen the economic, political and military position of the Free Far East, (5) promote Free World unity, and (6) identify the U.S. with Asian aspirations. NSC Memorandum for the Planning Board, 29 June 1959..... 1196
290. The JCS submits their and the Services' views on U.S. policy in the Far East. "The U.S. faces a delicate problem in presenting its Far Eastern policy to the world. A U.S. policy will not be very sympathetically received if it is presented in the purely negative terms of preventing communist expansion or the reduction of its power." JCS Memorandum for NSC Staff, 14 July 1959..... 1211
291. A resurgence of tensions between Vietnam and Cambodia threatens to frustrate U.S. objectives in Cambodia. In Vietnam the Diem Government continues its strong controls which antagonize the Vietnamese elite. "Vietnamese military forces have improved under the MAAG training program." OCB Report on Southeast Asia, 12 August 1959..... 1236
292. An intelligence analysis of Communist capabilities and intentions in Laos concludes that the Communist resumption of guerrilla warfare in Laos is a reaction to initiatives of U.S. support of Laos. The chances of Communist success are high at a low risk. Non-Asian forces intervening in Laos increase the likelihood of Communist invasion, but preference would be to diplomacy, propaganda, and guerrilla action to cause the West to back down. SNIE 68-2-59, 18 September 1959..... 1242
293. The U.S. seeks to increase the MAAG ceiling on personnel before furnishing the ICC with plans for withdrawal or phase-out of TERM. ISA Memorandum for Joint Staff, 20 October 1959..... 1248

294. The evolution of political conditions necessitates that policy guidance should be directed at the problem of dealing with Sihanouk of Cambodia, "by all odds the major single factor in Cambodia and the principal target of U.S. policy." Further, the guidance of NSC 5809 is not adequate to cope with the situation in Laos. OCB Special Report on Southeast Asia, 10 February 1960..... 1249
295. The Vietnam Country Team prepares a special report on the current security situation in Vietnam. "...the rural population is generally apathetic towards the Diem Government and there are signs of considerable dissatisfaction and silent opposition." Without support of the rural population, no final solution can be found to the internal security problem. Militarily, the GVN organization lacks unity of command. The situation is summed up. "...the government has tended to treat the population with suspicion or to coerce it and has been rewarded with an attitude of apathy or resentment." Saigon 278 to State, 7 March 1960..... 1254
296. Williams testified that he was working "MAAG out of a job" and this is impressive to Senator Mansfield and the Foreign Relations Committee. Mansfield requests information on the situation which now requires "the addition of 350 men to the MAAG." Mansfield Letter to Lt General Williams, 5 May 1960..... 1276
297. Williams replies that the 350 spaces referred to are the TERM personnel now in deactivation. The turnover of TERM spaces to MAAG ends the "subterfuge as actually TERM has had the undercover mission as logistical advisers since activation." Williams MAGCH-CH91 to OSD (for Mansfield), 20 May 1960..... 1279
298. The President approves changes in NSC 5809 and directs implementation as NSC 6012, "U.S. Policy in Mainland Southeast Asia." Policies toward Vietnam are essentially unchanged. NSC 6012, 25 July 1960..... 1281
299. Developments in South Vietnam indicate an adverse trend and if they remain unchecked will almost certainly cause the collapse of President Diem's regime. SNIE 63.1-60, 23 August 1960..... 1293

300. The U.S. assesses the possible coup groups in Saigon (e.g. peasants, communists, labor, students, Catholic refugees, sects, police and Army) and concludes that long term effects of any demonstration depends on the attitude of the Army. Saigon 538 to State, 5 September 1960..... 1302
301. Lansdale offers several proposals to meet the threat to security posed by the Viet Cong in Vietnam. Specifically, he recommends shifting the MAAG function emphasis to assistance on tactical operations, increasing the MAAG staff, priority be given to furnishing selective equipment, more emphasis on counter-guerrilla intelligence training, and certain actions on activities of the Civil Guard, civic action, and MAP requiring interagency coordination. Lansdale Memorandum for ISA, 13 September 1960..... 1307
302. The Diem regime is confronted by two separate, but related dangers -- a non-communistic coup attempt in Saigon and gradual Viet Cong extension of control in the countryside. U.S. objectives rest on a strongly anti-communist but popularly supported government; continued failures by Diem is cause to seek alternative leaders. Saigon 624 to State, 16 September 1960..... 1311
303. The U.S. suggests numerous political actions to President Diem, among them are Cabinet changes, more responsibility for Cabinet members, alteration of the Can Lao Party from a secret organization to a normal political party, investigation of Government departments by the National Assembly, freer press functions, and measures to enhance the Government's support in rural areas. In addition, it is suggested that Ngo Dinh Nhu, the President's brother, be given an ambassadorial post outside the country. Saigon 157 to State, 15 October 1960..... 1317
304. Diem's responses to the suggestions for political action and removal of Nhu outwardly show no resentment. Saigon 802 to State, 15 October 1960..... 1323
305. The U.S. urges preparation of an over-all plan, acceptable to GVN, for integration and centralized direction of maximum resources to combat the insurgency. DCD-State 658 to Saigon, 19 October 1960..... 1325
306. U.S. urges Diem and the coup leaders to reach a quick agreement and avoid further bloodshed. Herter 775 to Saigon, 11 November 1960..... 1327

307. Lansdale suggests that, in light of the abortive coup against Diem, General McGarr's role should be expanded to permit freer contact with President Diem. Ambassador Durbrow has apparently lost "personal stature" with Diem and should be removed. Lansdale Memorandum for Secretary of Defense, 11 November 1960..... 1328
308. Diem may react firmly toward the coup leaders since there are similarities to the circumstances of the 1954 attempt. Also Diem is probably now very suspicious of Ambassador Durbrow. State Cable 775 invited Durbrow to engage in this "demoralizing meddling in Vietnam's affairs." Lansdale Memorandum for Douglas, 15 November 1960..... 1330
309. The JCS consider that there is a valid requirement to increase the helicopter lift capability of the Vietnamese armed forces at this time, in view of the deteriorating internal security situation in Vietnam. JCS Memorandum for Secretary of Defense, 1 December 1960..... 1332
310. Nhu and Diem are rankled by American press stories on "autocratic regime." There is below the surface talk of another coup. The coup has increased chances of neutralism and anti-Americanism among GVN critics. It is recommended to continue to urge Diem to adopt effective programs even though the situation in Vietnam is highly dangerous to U.S. interests. Saigon 1151 to State, 5 December 1960..... 1334
311. The U.S. assessment of the Laotian situation is that, if present trends continue, it will remain one of "confusion, drift, and disintegration....Laos is heading toward civil war." SNIE 68-60, 6 December 1960..... 1340
312. The Bon Oun Government is in control, but faces critical problems in the continuing Laos situation. Immediate matters of concern are to bolster Phoumi forces, forestall Nehru on reconstituting the ICC, and assumption by the U.S. of primary advisor status. 470th NSC Meeting, 20 December 1960..... 1346
313. Diem stresses his need for 20,000 additional troops. Diem states also that corvee labor is the only way to collect "equivalent taxes" from peasants. Durbrow urges adoption of liberalizing programs. Saigon 1216 to State, 24 December 1960..... 1348

314. Ambassador Durbrow hands a memorandum on liberalization to President Diem. Specifically, suggestions are made to: (1) publicize budget heavings, (2) authorize the Assembly to conduct investigations, (3) work out an effective press code, (4) and grant broader credit to the peasants. Saigon 264 to State, 27 December 1960..... 1353

of assisting in the improvement of Vietnamese logistical capabilities.

The TEAM operation was originally conceived to implement the decision of the Secretary of State, dated February 3, 1956, to explore with other governments concerned the possibility of sending additional military personnel to Viet-Nam to assist in the recovery of our equipment. It has been understood between our two Departments from the beginning of discussions on that problem that if significant amounts of this equipment are inventoried, much of it including equipment nominally turned over to the Vietnamese forces, will be shipped out of Viet-Nam. It is on the basis of this understanding that the Department of State obtained the acquiescence of other governments concerned, the rationale for their acceptance being that the TEAM operation will not contribute to the growth of the military potential in the zone south of the 17th parallel.

While it is understood, therefore, that TEAM personnel will perform certain functions of training which are inseparable from their tasks of recovering and maintaining United States-origin equipment in Viet-Nam, such functions of training should in no case be allowed to become the single or even the primary duty of TEAM (as distinguished from MAAG) personnel. Moreover, a substantial quantity of the equipment recovered in Viet-Nam should be shipped out of the country, so as to implement in good faith the promises made to other governments whose benevolent acquiescence to the operation we have obtained.

2. In regard to the clothing of the military personnel involved, and as indicated in our joint message of April 12, 1956, to Saigon this question is being left to the discretion of Chief MAAG, Chief TEAM, and the American Ambassador at Saigon. However, I wish to indicate again our very strong desire that owing to the political and psychological factors involved, civilian clothing be used whenever possible by TEAM personnel upon their arrival in and departure from Viet-Nam, as well as during their period of assignment in the country.

3. With respect to administrative support services for TEAM, it is our understanding that the appropriate personnel and funds will be provided by the Department of Defense for the full administrative backstopping of the group. In this connection, it has been our view for some time now that steps should be taken to have the MAAG mission administratively supported by military personnel. The Embassy at Saigon has had increasing

difficulty

difficulty over the past several years in performing adequate support services for the MAAG. We feel that since your Department will now establish a complete administrative unit for TERC, it would be appropriate to consider the transfer of all support arrangements for MAAG from the Embassy's jurisdiction as soon as practicable. I understand that the MAAG mission in Saigon has given considerable thought to this proposition in the last several months and I would like to urge that the appropriate administrative units of our two Departments begin formulating definite plans for such a transfer.

I shall appreciate your views as soon as it is convenient and hope that you will concur in the points expressed above. A copy of this letter is being sent to Mr. Allen Dulles, Director, Central Intelligence Agency, Washington, and to the American Ambassador to Saigon.

Sincerely yours,

Robert D. Murphy

Robert D. Murphy
Deputy Under Secretary

20 June 1956

MEMORANDUM FOR: THE DEFENSE MEMBER OF THE NSC PLANNING BOARD
THE SPECIAL ASSISTANT TO THE JCS FOR NSC AFFAIRS

SUBJECT: Tentative Army Position on "United States Policy in Southeast Asia," dated 15 June 1956 (U)

The subject document has been reviewed and the following Department of Army comments thereon are submitted.

a. Add the following course of action: "Insofar as possible, grant US economic assistance in accordance with a definite plan for economic development, avoiding the scattering of economic aid over a large number of isolated projects."

REASON: To increase the effectiveness of the US economic aid program.

b. Add the following course of action: "Encourage the conditions necessary to develop a Western Pacific collective defense arrangement including the Philippines, Republic of China, Japan, and the Republic of Korea, eventually linked with SEATO."

REASON: To improve the collective defense arrangements in Southeast Asia and the Western Pacific.

L. C. SHEA
for EARLE G. WHEELER
Major General, GS
Director of Plans, ODCSOPS

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20 June 1956

MEMORANDUM FOR: THE DEFENSE MEMBER OF THE NSC PLANNING BOARD
THE SPECIAL ASSISTANT TO THE JCS FOR NSC AFFAIRS

SUBJECT: Tentative Army Position on "Issues in Southeast Asia" (U)

1. Allied vs Neutral Countries.

a. Question: To what extent should the degree of alignment with the Free World determine the U. S. attitude toward the countries of Southeast Asia, particularly as regards economic, technical and military assistance?

b. Answer:

(1) U. S. attitudes toward the countries of Southeast Asia should be governed by U. S. national objectives. U. S. objectives must be based upon what is obtainable and therefore will vary from country to country. These objectives range from retention of positive support for U. S. positions to the prevention of any additional Communist influence in neutral nations.

(2) The above notwithstanding, it is generally in U. S. interests to give preference to Allied nations who share in the belief that regional alliances are the only effective way to deter further Communist aggression. This should include special consideration for U. S. allies in the granting of economic, military and technical assistance. However, this should not preclude the granting of a substantial amount of aid to a neutral nation in preference to an allied nation, when it has been determined to be in the national interest to do so. In granting aid to neutral nations the US should declare its respect for the opinions of those nations, but the US should at the same time make clear that it does not agree with the logic of their positions.

2. Relative Weight of Assistance Programs.

a. Question: What proportion of U. S. resources available for assistance to Southeast Asia should be allocated to economic and technical assistance as against military assistance? Should greater emphasis be placed on operating an expanding number of technically-competent, pro-Western leaders and on "political warfare" activities, at the expense of economic assistance, if necessary?

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b. Answer: A major proportion of U.S. resources available for assistance to Southeast Asia should be allocated to economic and technical assistance. Greater emphasis should be placed on creating an expanding number of technically competent, pro-Western leaders and on "political warfare" activities, at the expense of economic assistance, if necessary. Grant military assistance should, in general, be limited to those nations which either are threatened by Communist aggression or are willing to provide forces for collective defense measures in support of common commitments. Reimbursable military assistance should be extended to allied nations capable of bearing the cost and to other nations which are ineligible for grant assistance but are willing to develop their own capabilities to resist Communism.

3. Absolute Level of Assistance

a. Question: Should the absolute level of U.S. economic, technical and military assistance to Southeast Asia be increased, decreased, or maintained at present levels in the light of the current Soviet campaign of political and economic penetration?

b. Answer: The absolute level of U.S. economic, technical and military assistance should be maintained at present levels in the light of the current Soviet campaign of political and economic penetration. However, in neutralist countries, military assistance should be decreased where it is in excess of the needs for maintaining internal security.

4. Functions of Indigenous Military Forces

a. Question: Should indigenous military forces in Southeast Asia be designed (a) solely to maintain internal security, (b) to maintain internal security and assist local external Communist aggression, or (c) in addition to (a) and (b), to contribute to collective defense efforts in the area?

b. Answer: Indigenous military forces in Taiwan, Thailand and the Philippines should be designed to maintain internal security; to resist local external Communist aggression and to contribute to collective defense efforts in the area. Indigenous military forces in South Vietnam should be designed to maintain internal security and resist Viet Ninh overt Communist aggression. Military forces of other Southeast Asian nations should be designed solely to maintain internal security.

5. U.S. Response to Aggression

a. Question: What political and military action should the U.S. be prepared to undertake alone or in cooperation with allies in the event of Communist seizure of control within, or overt aggression against, a Southeast Asian country? What would be the role of SEATO in these eventualities?

b. Answer: The U.S. should be prepared to intervene, preferably with other SEATO nations, in the event of Communist overt aggression against Southeast Asia. SEATO military forces should function under a Unified Command, perhaps in the name of the United Nations.

6. Communist Activities

a. Question: What can the U.S. do to remedy the existing lack of adequate Free World capabilities for countering Communist subversion and penetration? Should the U.S. oppose or attempt to match all Communist activities in Southeast Asia or should Communist-bloc trade, technicians, and investments be tolerated within certain limits?

b. Answer: The U.S. should not oppose or attempt to match all Communist activities in Southeast Asia. With a careful selection of projects, US aid can show the greater advantages of Western methods.

7. Colonialism

a. Question: Should the U.S. uniformly oppose the continuance of colonialism or should it assist its European Allies to retain strategic outposts against Communist penetration in Southeast Asia?

b. Answer: The U.S. should oppose the continuance of colonialism. However, an exception should be made when colonies, e.g. Hong Kong, serve as strategic outposts against Communist penetration.

V. P. MOCK
for EARLE G. WHEELER
Major General, GS
Director of Plans, ODCSOPS

THE SECRETARY OF DEFENSE
WASHINGTON

JUL 16 1956

MEMORANDUM FOR THE SECRETARY OF THE ARMY
THE SECRETARY OF THE NAVY
THE SECRETARY OF THE AIR FORCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE ASSISTANT SECRETARY OF DEFENSE
(International Security Affairs)

SUBJECT: Capability to Deal with Local Aggression in Vietnam

REFERENCES: Memo for NSC from Executive Secretary, subject:
"U.S. Policy in the Event of a Renewal of Aggression
in Vietnam", dated 16 September 1955; NSC 5602/1;
Memo for NSC from Executive Secretary, subject:
"Basic National Security Policy", dated 13 February
1956; NSC Action No. 1522-c

1. At its meeting on 7 June 1956, the National Security Council took the following action with respect to the above subject (NSC Action No. 1571):

- a. Noted and discussed a presentation on U.S. capabilities, referred to in NSC 5501, to deal with local aggression in Vietnam in accordance with the provisions of current policy (NSC 5602/1). The presentation was made by the Chairman, Joint Chiefs of Staff, for the Department of Defense pursuant to NSC Action No. 1522-c.
- b. Noted the President's view that it would be desirable for appropriate U.S. military authorities:
 - (1) To encourage Vietnamese military planning for defense against external aggression along lines consistent with U.S. planning concepts based upon approved U.S. policy.
 - (2) To discreetly manifest in other ways U.S. interest in assisting Free Vietnam, in accordance with the Manila Pact, to defend itself against external aggression.

2. The action in paragraph 1-b above, as approved by the President, has subsequently been transmitted to the Secretary of Defense for appropriate implementation.

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SecDef Cont. No. 15090

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appointing. He wondered aloud why, in interventions of this kind, we always seem to find that the morale of the Communist forces was better than that of the democratic forces. His explanation was that the Communist philosophy appeared to produce a sense of dedication on the part of its adherents, while there was not the same sense of dedication on the part of those supporting the free forces. He stated that the entire problem of morale was a serious one and would have to be taken into consideration as we became more deeply involved.

NIE 63-56

17 July 1956

NATIONAL INTELLIGENCE ESTIMATE NUMBER 63-56

(Supersedes NIE 63.1-3-55 and NIE 63.1-55)

1011613

PROBABLE DEVELOPMENTS IN NORTH AND SOUTH VIETNAM THROUGH MID-1957

*Portions superseded
by NIE 63. 2-57*

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 17 July 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE DEVELOPMENTS IN NORTH AND SOUTH VIETNAM THROUGH MID-1957

THE PROBLEM

To analyze the current political, economic, and military situation in North and South Vietnam and to estimate probable developments through mid-1957.

CONCLUSIONS

1. We believe that the Communist "Democratic Republic of Vietnam" (DRV) will not attempt an open invasion of South Vietnam or a large scale guerrilla warfare effort during the period of this estimate because of the danger of US or possibly SEATO counteraction and because such action would prejudice Bloc emphasis on peaceful coexistence elsewhere. The Communist regime will almost certainly remain in firm political control throughout the period of this estimate, despite some passive resistance and serious economic difficulties. It will require continued large scale Bloc aid to make even limited progress toward developing a self-supporting economy. The DRV army will retain the capability of defeating the total forces of South Vietnam, Laos, and Cambodia. (*Paras. 7-11, 13-16, 18-21, 64-68*)
2. In South Vietnam, the trend toward political stability and popular confidence in the government will probably continue, barring a DRV invasion, large scale guerrilla action, or the death of Diem. Nevertheless, such contingent developments as intensified Bloc support for DRV objectives or reduction in Diem's international support could stimulate greater Communist subversive pressure, weaken the South Vietnam government's confidence, cause some loss of its public support, and revive opposition efforts for reconciliation with the north. (*Paras. 35-39, 69-72*)
3. Progress toward resolving basic economic problems will probably continue slow, but economic conditions in South Vietnam are not likely to have serious adverse political effects during the next year, as rice production, rubber exports, and large scale US aid provide reasonable living standards. (*Paras. 40-46*)
4. All significant sect resistance in South Vietnam has been eliminated, but some 8,000-10,000 armed Communists and a Communist political network scattered through the villages continue to pose a serious internal security problem. The effectiveness of the South Vietnam army will probably improve gradually as more units are released from security missions for training, but by mid-1957 it will still be unable to contain a DRV attack for a prolonged period. (*Paras. 47-56*)

DISCUSSION

I. INTRODUCTION

5. Under the terms of the 1954 Geneva Accords on Indochina, the area of Vietnam north of the 17th parallel was placed under the administration of the Vietnamese Communists. The French assumed responsibility for implementation of the Armistice provisions in the area south of the 17th parallel, but neither the French nor the Diem government has acknowledged responsibility for implementing the political settlement envisaged in the Final Declaration of the conference.

6. The UK and the USSR, as co-chairmen of the Geneva conference, met in London in April and May 1956 and reaffirmed support for the political settlement foreseen at Geneva but implicitly approved postponement of its implementation, including the nationwide elections. The co-chairman called upon all parties to preserve the status quo and requested the International Supervisory and Control Commission (ICC) to continue supervising the Armistice. Thus no steps have been taken to bring about unification or a political settlement in Vietnam, and the partitioning of Vietnam has been tacitly accepted by the Geneva conference powers for an indefinite period of time. In the meantime, the Communist regime in the north and the Diem government in the south have been developing their own institutions and preparing for an extended period of struggle for control of Vietnam.

II. NORTH VIETNAM — CURRENT SITUATION AND TRENDS

7. The Communist Party of Vietnam (commonly called the Viet Minh) and its governmental apparatus, the "Democratic Republic of Vietnam" (DRV) continue to exercise firm and effective control over the estimated 13 million inhabitants of North Vietnam. Although critically lacking in technically trained personnel, the Communist regime possesses a large number of experienced po-

litical workers and has made considerable progress in developing an effective administrative machine. It has strengthened its control despite severe food shortages, continued passive resistance to its internal policies, and the gradual reduction of its prospects for early domination of all Vietnam.

8. Ho Chi Minh continues to occupy a pre-eminent position among Vietnamese Communist leaders, despite some de-emphasis of his public role. His prestige as a nationalist leader is still a significant factor in the attitude of many people in South Vietnam and Southeast Asia toward the Vietnamese Communist regime. Power relationships at the level below Ho are not clear, but party Secretary Truong Chinh, Premier and Foreign Minister Pham Van Dong, and army commander Vo Nguyen Giap appear to share top level responsibilities. We have no evidence of policy or personal differences among these three men or of the existence of "pro-Chinese" and "pro-Soviet" factions in the party.

9. The regime's primary concern in the past year has been to develop more effective controls over the people and the economy and to deal with such immediate problems as rehabilitation, malnutrition, widespread disease, famine, tightening of the party apparatus, and the development of the armed forces. Although violence and intimidation have been employed selectively, the Communists have so far refrained from the publicized, widespread terror employed in Communist China during the consolidation period in 1951-1952. Strenuous efforts are still being made to rally popular support behind front groups on the basis of nationalist and unification slogans. The most important of these is The Fatherland Front which is designed not only to mobilize support in the north for immediate reconstruction tasks but also to attract support in South Vietnam for Communist efforts to unify the country.

10. The Catholic population of approximately 750,000 appears to be the main center of passive resistance to Communist indoctrination and DRV control. The Communists appear to have recognized the special nature of the Catholic problem and, probably with an eye both to reducing opposition and impressing the evacuees in the south, have moved slowly to restrict church activities. At the same time, they are attempting to weaken the hold of the clergy over the communicants by various means including visits of "puppet" priests from Eastern Europe. To date the Vietnamese Catholic hierarchy appears to have been fairly successful in maintaining its position among the Catholic population.

11. The substantial ethnic minorities, who live outside the river deltas, have an ingrained dislike for all Vietnamese and there have been some instances of armed opposition by the tribal groups of north and northwest Tonkin. To integrate these minorities politically and to lessen their opposition to Communist leadership, the DRV has established "autonomous administrative areas" nominally controlled by tribal dignitaries loyal to the Communists. In any event, Communist military and security forces are capable of eliminating any active resistance in the north.

Economic Policies and Courses of Action

12. The regime is moving gradually to extend its control over all aspects of the economy, but it has not yet attempted detailed over-all planning, the nationalization of small productive units and domestic trade, or the collectivization of agriculture. At present, the regime is attempting to deal with immediate problems on the following priority: (a) increasing agricultural production; (b) restoring the transportation network; and (c) rehabilitating export industries, e. g., coal, cement, phosphates, and textile and other light industries. Thus far the regime has not begun to stress heavy industrial development and is concentrating a major portion of its industrial production on consumer goods.

13. The regime's major economic problem is to meet the minimum consumption needs of the population while developing a self-sup-

porting economy. Prior to 1954 the annual rice deficit of North Vietnam averaged about 200,000 metric tons. As a result of wartime damage to irrigation facilities and an unprecedented series of floods, droughts, and insect scourges, the rice deficit in each of the past two years has amounted to at least 500,000 metric tons. With shipments from South Vietnam cut to a trickle since 1954, the DRV appealed to the Bloc for relief. However, imports through April 1956, consisting of token shipments from Communist China and some 200,000 tons of Burmese rice purchased by the USSR, have fallen far short of minimum requirements. In December 1955 the DRV announced that the per capita food consumption in that year had dropped at times to as low as 500 calories per day.

14. There will probably be some improvement in the food situation in 1956-1957. The USSR has agreed to accept up to 400,000 tons of Burmese rice each year through 1959. It is likely that the Burmese will actually ship a high percentage of this figure and that the DRV will receive a major share of this rice. Although the spring crop in 1956 will probably again fall below normal because of continued adverse weather, the extensive efforts of the regime to mobilize all segments of the population for irrigation repair, reclamation of abandoned land, cultivation of new land, and planting of subsidiary crops should lead to a gradual increase in domestic output.

15. However, North Vietnam will not achieve self-sufficiency in rice in the next few years even with optimum weather conditions. Planned investment to increase the supply of fertilizers, pumps, improved seeds, and agricultural implements appears insufficient to achieve a substantial increase in output in the near future. Moreover, the current program for redistribution of land will probably depress production.

16. Rehabilitation of modern industries has gone slowly due to a lack of raw materials, technicians, and equipment. Coal production in 1955 is estimated to have been about 700,000 tons compared to 900,000 tons under the French in 1953 and the pre-World War II peak of 2,600,000 tons. The rate may reach

800,000 to 1,000,000 tons in 1956, permitting an export of 300,000-500,000 tons. By the end of 1956 cement production may reach its former annual rate of 300,000 tons. The large textile plant at Nam Dinh returned to limited production in December 1955 but even when operating at full capacity it will provide only about half of North Vietnam's requirements and it is dependent on imported cotton.

17. With Chinese Communist technical and manpower assistance, rapid progress has been made in restoring transportation and communication facilities. The rail link from Hanoi to the Chinese border at Nam Quan has been restored and the Haiphong-Kunming line will probably be fully restored this year. This construction will link southwest China with sea transport at Haiphong and the main Chinese rail system at Nam Quan. The line from Hanoi to the 17th parallel is also being rehabilitated and it is possible that service south to Vinh will be established by the end of the year. With Chinese assistance, the DRV has also made rapid progress in rehabilitating North Vietnam's highway system. A bridge building program for 1956 is aimed at eliminating most of the ferries on primary roads. Rehabilitation of the Hanoi-Lai Chau route and of roads south from Hanoi toward the 17th parallel will facilitate the movement of troops and supplies to any point along the borders of Laos and South Vietnam. Soviet assistance is making possible the improvement of port facilities at Haiphong which will further expedite the distribution of Bloc military and economic supplies.

18. The chronic deficit in the balance of payments position of the North Vietnam area has been deepened by the failure to restore agricultural and industrial production and by the abnormal requirements for foreign goods and technical aid. The foreign exchange position has also been worsened by the break in complementary trade relations with the south. A measure of the deficit and of the critical economic situation is suggested by the magnitude of Bloc grants to the DRV. In July 1955, Communist China granted the sum of 800,000,000 yuan (about \$330,000,000 at official rates) and the USSR promised 400,000,000 rubles (\$100,000,000 at official rates). Smaller

grants have been extended by several of the European Satellites. A substantial portion of the aid received has been in the form of consumer goods.

19. We believe that during the period of this estimate the DRV will continue to concentrate, with moderate success, on efforts to increase agricultural, mineral, and light industry production. The DRV has the resources to increase exports and to support a modest industrial development. However, at least for several years, it will require substantial Bloc assistance to support even a minimum standard of living and there appears little prospect for substantial forced saving to support rapid industrialization in the near future.

DRV Military Strength

20. The "Vietnam People's Army" (VPA) now has a total strength of about 266,000 men organized in 16 infantry divisions, 2 artillery divisions, 1 AAA groupment, 10 separate infantry regiments, and 5 border and coastal security regiments. As the VPA continues its evolution toward a modern force, several more divisions may be organized using existing separate regiments. Although further substantial increases in the numerical strength of the army appear unlikely, a ready pool of semitrained manpower exists among the 117,000 men now in regional and popular troop units. The recent announcement by the DRV of a troop reduction probably reflects the release of unfit personnel since the Armistice.

21. More extensive training was probably made possible by reduced commitments to internal security missions and reconstruction projects, and multidivisional maneuvers were reported in late 1955. We believe that about half of the major combat units are combat-ready and the remainder probably will reach that status during 1956. Even at its present level of training, the VPA is capable of defeating the total military forces of South Vietnam, Cambodia, and Laos.

22. There were no significant changes in the dispositions of VPA units during the past

year and the largest concentration remains in the Delta region, approximately 300 miles from the 17th parallel. However, clandestine guerrilla operations, including infiltration of small units, could be conducted against South Vietnam and Laos without major troop movements.

23. The Vietnamese Communists have no combat air capabilities at the present time, but some air training probably is underway in Communist China. It is possible that the DRV will have one or two regiments of piston fighters operational in 1957. There are 26 former French air fields in North Vietnam, five of which could be used with little or no development to support sustained operations by Communist jet fighters, and one of which could probably support sustained jet light bomber operations. The DRV has no separate naval organization and coastal defense depends on small armed craft and ground patrols.

DRV External Relations and Policies

24. *Relations with the Bloc.* We believe that the DRV is firmly committed to the policies of the Sino-Soviet Bloc, even to the extent of subordinating or postponing the pursuit of its local or regional objectives in the interest of over-all Bloc tactics and strategy. The attitude of DRV leadership follows from its Communist world outlook and from the fact that DRV objectives can only be realized with Sino-Soviet Bloc support.

25. Despite its close ties with and dependence on Peiping and Moscow, the DRV on occasion acts in less conformity with the Bloc than the European Satellites. A number of considerations account for this special status. The Vietnamese Communists fought their own fight against French colonialism. The DRV possesses an army and security organization which was developed prior to 1950 independently of Sino-Soviet material assistance. The appearance of relative independence created by some DRV actions may, nevertheless, serve to further Bloc interests elsewhere in Southeast Asia.

26. Over the past year, Bloc economic and diplomatic support may not have met DRV

expectations. Bloc deliveries of rice have been far below levels necessary to prevent widespread debility in North Vietnam. Mikoyan's visit to Hanoi in April 1956, the first by a major Soviet official, was made a great public occasion and DRV propaganda suggested some expectation that new aid or economic agreements might result. No new Soviet-DRV arrangements were announced, however, and in fact Mikoyan departed without issuance of the usual joint communique. The USSR also failed to press DRV demands either for the "strict implementation" of the Geneva Agreements with respect to north-south consultations and elections, or for reconvening the Geneva conference. The Soviet position, as it developed at the April-May Geneva co-chairmen talks, accepts maintenance of the status quo for the time being. Although the Chinese Communists have been more forthright in supporting the stated DRV position, the Soviet Union has shown no disposition to support the DRV's basic objective of securing control of all Vietnam at the risk of jeopardizing Soviet policy objectives in other areas or the Bloc's campaign of emphasizing "friendship" and reducing tensions.

27. The rather aloof position of the USSR, which increases the dependence of the Vietnamese Communists on Communist China, may be disappointing to the DRV. Some element of the traditional Vietnamese distrust of the Chinese probably survives among Vietnamese Communist leaders, despite the bond of Marxism, and the DRV may well wish that it could counter Chinese influence with closer Soviet ties.

28. Substantial differences over policy toward South Vietnam, and possibly Laos, may develop between the DRV and the USSR and Communist China if prospects for an early extension of Communist control to South Vietnam continue to decline. Even in this event, however, and despite the DRV's potential capacity for independent action, we believe that other considerations would prevail to cause the DRV to continue its loyal adherence to the Bloc.

29. *Policies Toward South Vietnam.* Lacking full Bloc support for its reunification demands and recognizing that the July 1956 deadline for elections would not be met, the DRV is now adjusting its policies for the longer pull. The regime's public position that the Geneva provisions must be fulfilled and that nationwide elections must be held remains unchanged. However, the DRV is now playing down the demand for early reconvening of the Geneva conference and increasing its demands for direct north-south consultations. The DRV has accepted the position taken by the Soviet Union at the London talks that the ICC and Joint Armistice Commission should continue their functions despite the dissolution of the French High Command. The DRV has also enlarged the scope of its diplomatic activity to enhance its international prestige and position and to secure the broadest possible foreign support for eventual implementation of the Geneva Agreements.

30. At the same time, the DRV has maintained its network of political and paramilitary cadres in the south. It has continued its efforts to penetrate the government of South Vietnam and probably is maintaining contact with non-Communist but anti-Diem Vietnamese, chiefly those now in exile, who favor conciliation with the north. Through use of nationalist themes and front organizations, it is attempting to retain popular following in the south. [Ninety-five thousand men were evacuated from the south in the first few months following the Armistice. The DRV probably views this group as a possible instrument for subversive activity in South Vietnam and some may have been retrained, reindoctrinated, and perhaps even reinfilitrated.]

31. *Policies Toward Laos and Cambodia.* The Communist rebel movement in Laos, the Pathet Lao, is completely dependent on DRV support and assistance to maintain its position in the northern provinces. Although the DRV continues to support the Pathet Lao, it has begun to soften its line toward the Royal Lao government. In place of its earlier criticism of the Lao government, the DRV now praises the Lao government's professed

adherence to the "five principles of coexistence," encourages Laos to adopt a neutral foreign policy and to enter into direct consultations with the Pathet Lao to resolve their differences.

32. DRV policy toward Cambodia encourages neutralism and the establishment of wider contacts between the Cambodian government and the Communist world. The Hanoi radio has virtually eliminated its previously bitter condemnation of the Cambodian government and is now extravagant in its praise of Cambodian foreign policy and its "resistance" to alleged US "plots" to undermining Cambodian independence. Future DRV policies with respect to Laos and Cambodia will probably reflect the guidance of Moscow and Peiping.

33. *Policies Toward Other Countries.* In its relations with other states in Asia, the DRV has attempted to increase support for its position on unification, to further the general Bloc peace campaign, and to obtain diplomatic contacts and recognition. At present, North Vietnam is recognized by all Bloc countries, but no non-Bloc country has extended full diplomatic recognition. India and Indonesia have exchanged consular representatives with both North and South Vietnam and Burma has permitted the DRV to maintain an Information Office in Rangoon. The DRV has taken special pains to woo the Indian delegates to the ICC.

34. The DRV has severely curtailed remaining French cultural activities in North Vietnam and the much publicized commercial arrangements have been too restrictive to hold or attract any significant economic activity by the French. However, the DRV has won French agreement to the establishment of a commercial and cultural mission in Paris. Its presence will complicate French relations with Diem and facilitate the maintenance of DRV influence among Vietnamese resident in France.

III. SOUTH VIETNAM — CURRENT SITUATION AND TRENDS

Political

35. During the past year President Ngo Dinh Diem's government has greatly strengthened

its internal political position in South Vietnam, a country with an estimated population of 12 million. The national referendum in October 1955 established the legitimacy of the Government of Vietnam (GVN), and completed the elimination of Bao Dai as Chief of State and as a major political factor in South Vietnam. By the end of March 1956, Diem reduced the Cao Dai and Hoa Hao groups to political impotence by a series of moves which culminated in the elimination of the Cao Dai army as an independent military force and the capture, trial, and execution of Ba Cut, the last important active Hoa Hao resistance leader.

36. On 4 March 1956, in South Vietnam's first national elections, 80 percent of the eligible voters participated in electing 123 deputies from 405 candidates for the Constituent Assembly. The returns gave pro-Diem forces a substantial majority. Although nearly one-third of the government-favored candidates were defeated, no openly anti-Diem deputy was elected. This was due in part to government manipulation of the election campaign and in part to a boycott of the elections by most of the opposition parties. Despite efforts by the Vietnamese Communists and other resistance groups to disrupt and sabotage the voting, the elections generally were calm and orderly. The Constituent Assembly will sit for a four-year term as the first National Assembly:

37. The deputies in the Constituent Assembly, which convened 15 March, are divided among political parties as follows: National Revolutionary Movement (NRM), 61; Revolutionary Workers Party (RWP), 15; Citizens Rally (CR), 26; Movement of Struggle for Freedom (MSF), 6; and Independents (including one Dai Viet), 15. The NRM is the Diem government's primary source of organized political power. Although Information Minister Tran Chanh Thanh is its titular head, a large part of the party is controlled by Diem's brother, Ngo Dinh Can, who controls Central Vietnam. The RWP, also a government party, is led by Diem's brother, Ngo Dinh Nhu. While the CR, MSF, and most Independents now support Diem, they contain some members

who have reservations about some of Diem's methods and are potential centers of parliamentary opposition.

38. Diem will probably maintain his dominant political position in South Vietnam during the period of this estimate. The constitution, which has been drafted under Diem's supervision, gives the President wide powers including the right to appoint the first Vice President and to suspend civil rights during the life of the first Assembly. Diem's personal prestige will probably be enhanced by improvement in internal security and by continued frustration of Vietnamese Communist objectives. However, he will continue to face serious problems in attracting additional active support for his government, in part because of his reliance on a small circle of relatives and trusted friends. While Diem's control of the Assembly during the period of this estimate will probably be adequate to insure adoption of any important measure he wishes enacted, his inclination to hold a tight rein on the legislature may accelerate the development of an active opposition.

39. The appointment of a Vice President by Diem, now 55, will remove much uncertainty over presidential succession. Nevertheless, Diem's death, whether by natural causes or assassination, could result in serious factional disputes in the government and among the major political parties which could strain the new governmental institutions. Ngo Dinh Nhu and Tran Chanh Thanh, key figures in the RWP and NRM, have a great deal of political power and would play important roles in any redistribution of power, but neither of these men has a wide popular following. To some government critics and government supporters Thanh symbolizes the more regressive features of the Diem regime. At the moment, Secretary to the President and Acting Minister of the Interior Nguyen Huu Chau appears to enjoy Diem's favor and has grown rapidly in stature and power, but he has no organized political backing apart from his support by Diem and Nhu. Ngo Dinh Can would probably play an important behind-the-scenes role in any redistribution of power, but his lack of national stature and poor

health would almost certainly rule him out as a leading contender for leadership. Tran Van Lam, leader of the CR, is ambitious and enjoys considerable popularity in the southern provinces, but his political position is weak. Although the army high command has been trying to keep the army out of politics, the prestige and strength of the army would almost certainly play a major and possibly decisive role in the redistribution of political power. The numerous anti-Diem nationalists in South Vietnam and France would probably attempt to re-enter the picture and their maneuvers would add to the confusion. However, many of these men are discredited because of their past relations with Bao Dai, the French, or the Communists, and it is doubtful that any of them could muster sufficient backing to gain control.

Economic

40. South Vietnam is normally an agricultural surplus area, exporting rice and rubber. During World War II and the civil war periods large portions of cultivated land were abandoned and the transportation and irrigation systems deteriorated. Current rice production is less than two-thirds the pre-World War II levels, and exports in 1955 were only about 100,000 tons as compared with the prewar annual total of more than one million tons. Current rubber output of 54,000 tons exceeds the prewar level by about 10,000 tons and rubber has replaced rice as South Vietnam's leading foreign exchange earner. In 1955, high market prices raised the value of South Vietnam's rubber exports almost 80 percent above 1954 and to more than half the value of all exports.

41. Because of the decline in rice exports and the large imports of consumer goods and, to a lesser extent, capital goods for rehabilitation, South Vietnam is running a large deficit in its balance of payments. In 1954, exports covered 17 percent of imports while in 1955, even with unusually high rubber prices, exports covered only 23 percent of imports. At present, US aid is filling the gap and is an important factor in the relatively high standards of living prevalent in much of South

Vietnam. For the fiscal years 1955 and 1956 the planned level of US economic and military aid for South Vietnam totaled approximately \$520 million (not including the value of US equipment already in Vietnam and transferred to the GVN). At present the US is financing about 90 percent of the GVN military budget, 65 percent of the combined military-civilian budget, and 75 percent of all South Vietnam's imports.

42. The withdrawal of French military forces, the termination of France's preferential trade status, and the loosening of French-Vietnamese political ties have combined to curtail the scale of French industrial and commercial activity in South Vietnam. French business interests are withdrawing about as rapidly as Vietnamese restrictions on currency transfers permit. South Vietnam's import trade is moving away from France toward Japan and the US. In 1953 and 1954, France supplied about 80 percent of South Vietnam's imports. In 1955 the figure dropped to 50 percent and the downward trend is continuing. In the same two-year period, Japan's share of South Vietnam's imports has increased from three to 12 percent.

43. The GVN has not yet effectively come to grips with its economic problems. President Diem has stated that 1956 will be a year of economic consolidation, but through the first six months of the year, GVN attention continued to be focused on security and political issues. Only the most pressing economic problems have received serious government attention and those have generally been dealt with by *ad hoc* methods or authoritarian decrees. For example, the government has attempted to cope with a serious threat of inflation by a series of decrees controlling prices and inventories for many items and establishing high fines and even the death penalty for attempts to corner the market. These measures have contributed little to preventing inflation and have aroused the resentment of the important Chinese community. Inflationary pressures have been held in check primarily because the government has been able, with US aid, to maintain a fairly high level of imports of consumer goods.

44. Progress has been slow in the resettlement of refugees and in the implementation of other measures to increase agricultural production. The limited land reform program inaugurated in 1953 is unattractive to the peasant in comparison with extravagant Communist promises. Landlords are objecting to the low rents provided for in the program and their opposition plus the general lack of official determination and administrative competence has led to the stagnation of land reform.

45. Nevertheless, the GVN has made some progress in building the organizational structure necessary to replace institutions of the French colonial period. The GVN has created an independent national bank, a foreign exchange office, an investment fund, a government-owned commercial bank, and an independent currency. President Diem has proposed establishment of a High Economic Council to guide the country's economic development and he has made informal reference to the possibility of a four or five year plan for economic rehabilitation and development. In addition, government officials now administer a substantial import program and the application of a substantial US foreign aid program. Although these new institutions and economic activities provide an essential beginning for further economic progress, they are not yet fully operative or effective.

46. Though South Vietnam cannot become economically self-supporting so long as it must maintain armed forces of the present size, its economic position could be substantially improved by economic and fiscal reforms. However, during the period of this estimate there is little prospect for marked development of South Vietnam's economy or for a significant reduction in its balance of trade and budget deficits. Inflationary pressures are almost certain to continue. However, the food supply, a critical political factor, is likely to be more than adequate for domestic needs. Provided security conditions continue to improve, the GVN will probably give economic problems increased attention during the coming year and will probably be able to make some progress toward solution of several specific economic problems. A pro-

gram to resettle 100,000 refugees on abandoned land has been developed and some 40,000 of these have already been relocated. This project will probably be followed by further resettlement projects which are likely to reduce substantially the refugee problem during the estimate period. Additional land will probably be brought under cultivation. Some improvement is likely in tax collection and in handling the problem of French disinvestment. By mid-1957, economic development planning will probably be well advanced, but concrete results are unlikely within the period.

Military

47. Current strength of the Vietnamese National Army (VNA) is approximately 145,000 troops. The VNA is organized into 4 field infantry divisions (8,500), 6 light infantry divisions (5,225), 1 airborne groupment (4,000), 13 territorial regiments, 5 separate sect regiments, and 15 assorted combat battalions. Although some progress has been made during the past year, the extensive plans for training and reorganizing the VNA have fallen behind schedule because most major units have been dispersed with many of them engaged in security operations. Principal VNA weaknesses are an inadequate logistical and technical support system, an ineffective chain of command, and inexperience at the command and staff levels. At least six months of uninterrupted training will be necessary to bring the VNA to minimum operational effectiveness at division level. VNA loyalty to President Diem and his policies seems assured. The army's self-confidence and morale are generally good.

48. When the French High Command was inactivated on 23 April 1956, all previous French-Vietnamese military agreements were terminated. All French combat units have been withdrawn from Vietnam. After 1 July, only a few French army personnel remained in South Vietnam, in addition to a 1,000-man French military support group for the ICC. The Vietnamese and the French are now negotiating concerning French support for the ICC and the French role in training the Vietnamese forces, particularly air and naval

forces. The primary US-directed effort has been the training of a Vietnamese instructor corps and the development of training programs throughout the Vietnamese army. US personnel are detailed to VNA training centers, to units at division level, and to major territorial commands to supervise progress and implementation of the training program. The US military group in South Vietnam has been held to its pre-Geneva size despite the near complete withdrawal of the French mission, which totaled about 2,500 personnel prior to the Armistice. However, a 350-man US Temporary Equipment Recovery Mission (TERM) is being established in South Vietnam.

49. South Vietnam's embryonic air force (VNAF) has grown only slightly during the past year. Its current strength of 3,336 includes 103 trained officer and enlisted pilots and 100 pilot trainees. VNAF aircraft inventory is 143 planes, mostly trainer/liaison and transport types. Although the air force is receiving F3F piston fighter-type planes, it is unable to maintain even limited flight operations because of a lack of qualified maintenance personnel. The VNAF has a limited capability to provide air support to ground troops, artillery observation, air evacuation, liaison, and air lift for paratroop operations. No significant increase in VNAF capabilities appears likely during the next two to three years.

50. South Vietnam's navy is under operational control of the Chief of Staff of the VNA and under the administrative command of a senior naval officer. Personnel strength is 142 officers and 1,755 men, with a Marine Corps of 44 officers and 1,775 men. The forces afloat, which have been augmented over the past year by additions from the withdrawing French forces, include 3 submarine chasers (PC), 3 coastal minesweepers (MSC (O)), 14 amphibious vessels (2 LSM, 2 LSSL, 5 LSIL, 5 LCU), and 170 smaller amphibious and patrol craft. The Vietnamese navy has limited effectiveness, but it is capable of undertaking river patrol and minor coastal and amphibious operations. Capabilities should improve substantially in the near future be-

cause of continued US aid and intensive training programs which include technical training in the US and France.

51. We believe South Vietnam's military and security forces are capable of maintaining the government in power against any potential armed opposition now located south of the 17th parallel. In the event of large scale, concerted guerrilla warfare supported by infiltration of men and supplies from the north, relatively large areas of rural Vietnam probably would be lost to government control. In the event of full scale invasion, the Vietnamese forces at present probably could not delay for more than 60 days a Vietnamese Communist advance to the Ban Me Thout-Nha Trang line. If the trend toward improved internal security and increased effectiveness of the Civil Guard continues, it will be possible to step up training and reorganization of the VNA, thereby improving its capabilities during the period of this estimate. However, by mid-1957 Vietnamese forces will still be incapable of delaying for more than 90 days an advance by DRV forces beyond the Ban Me Thout-Nha Trang line.

Internal Security

52. The internal security situation in South Vietnam has improved substantially during the past year. The sects are no longer a major security problem for the GVN. Most of the important non-Communist sect leaders of a year ago have either fled the country, been killed or captured, lost control of their forces, or rallied to the government. Remaining sect armed bands are scattered and disorganized and probably total no more than 2,000. Although various bandit groups will probably continue to cause local disturbances, it is likely that organized non-Communist resistance will virtually disappear during the period of this estimate.

53. With the sect problem basically under control, the Communist underground represents the only serious threat to internal security in South Vietnam. Reports on Communist armed strength in the south over the past year have ranged from 5,000 to 10,000. Our best estimate of current strength is 8,000 to

10,000 with approximately 5,000 organized in skeletal company and battalion sized units which could be expanded through recruitment. These armed forces are generally scattered through the mountains paralleling the Annam coast and the remote swampy regions of Cochin-China. They are capable of harassing actions against VNA outposts and of widespread intimidation, assassination, sabotage, and terrorism, especially in rural areas. They could disrupt north-south traffic throughout Central Vietnam and interfere seriously with provincial and local administration. However, any sustained guerrilla operations would require a flow of reinforcements and supply from the north.

54. The Communists have an unknown number of political cadres in the south engaged in subversive and propaganda activities. Although Communist cadres probably exercise effective control over some remote communities where the GVN has not yet attempted to establish its authority, and have some influence in villages through much of South Vietnam, over-all Vietnamese Communist political influence in the south appears to have diminished during the past year. However, if the Communists decide to exercise their capability for armed intimidation and terror they could quickly reassert political control or influence, at least in some rural areas where GVN authority is tenuous. (27)

55. During the past year the Communists in South Vietnam have remained generally quiescent. They have passed by a number of opportunities to embarrass the Diem regime. Although some cadres and supplies are being infiltrated across the 17th parallel, the DRV probably has not sent any large scale reinforcement or supply to the south. Communist activity in the south appears to concentrate on protecting vital bases and supply caches, developing clandestine paramilitary organizations, and implementing a broad program of infiltration and subversion. While seeking to maintain intact as much of their armed strength as possible, their main activity seems to be an effort to weaken the Diem government by subversive and political tactics. Communist directives indicate that penetration and subversion of the GVN military and

security forces is a major objective. Although there is little specific evidence, they probably have penetrated lower echelons of the VNA, especially the integrated sect forces, and probably hold positions of influence in some provincial governments and village councils. Local Communist groups probably gave some assistance to the Cao Dai and Hoa Hao forces opposing the government. Since the collapse of sect armed resistance it is possible that the Communists are seeking to take over the remnants of the sect forces.

56. The GVN has organized a Civil Guard to relieve the VNA of many static internal security duties. Current strength of the Civil Guard is approximately 48,000 men organized in lightly-armed mobile companies. Its mission is to maintain law and order, collect intelligence, and conduct countersubversion operations at the provincial level in areas pacified by the army. Although considerable progress and refinement in its training and organization will be necessary before the Civil Guard can fully discharge its responsibilities, it has shown considerable potential as an instrument for maintaining internal security. A 60,000-man village Self-Defense Corps (Dan Ve Doan) is being organized to provide security at the local level.

Foreign Relations

57. GVN foreign policy objectives are to win recognition as the legitimate government of all Vietnam, to obtain maximum foreign military and economic aid and guarantees of foreign assistance in the event of Communist aggression, and to develop foreign support for its position with respect to the Geneva Agreements. Forty-one nations have recognized the GVN. In addition, India and Indonesia maintain consular relations with the GVN.

58. President Diem consistently has maintained that South Vietnam is not bound by the 1954 Geneva Agreements and has no legal responsibility for their implementation. He has refused to deal directly with the DRV on any issue and has been steadfast in his rejection of all-Vietnam elections until "democratic processes can be assured in North Vietnam." He believes that any consultations or implied recognition of the DRV would have

adverse political effects in the south and could lead to increased internal and international pressure for reunification of Vietnam under a coalition government with the Communists.

59. His refusal to permit nationwide elections and to assume responsibilities under the Geneva Accords raised the possibility of a withdrawal of the ICC following the deactivation of the French High Command in April. To deal with this situation, representatives of the Geneva co-chairmen (the UK and the USSR) met in London during April and May 1956. The USSR failed to press DRV demands that the co-chairmen reopen the Geneva conference. Instead, the co-chairmen finally agreed upon identical letters to the DRV and GVN requesting them to prevent any violation of military clauses of the Geneva Accords, to insure implementation of the political terms, to submit at the earliest possible time a convenient deadline for direct consultations and for holding all-Vietnam elections, and to give every assistance to the ICC. The co-chairmen requested the ICC to continue supervising the Armistice. They requested the French government to continue its good offices in support of the ICC, to reach agreement with the GVN to facilitate the task of the ICC and the Joint Armistice Commission (French-DRV), and to preserve the status quo until such new arrangements could be put into effect.

60. Despite his past refusals to assume responsibilities under the Geneva Accords, in his response to the co-chairmen's message Diem agreed to respect the Armistice and to provide security for ICC members. He recognizes the deterrent value inherent in the presence of the ICC, and appears willing to take action necessary to continue its function but continues to avoid the acceptance of any legal obligation under the Geneva Accords.

61. Franco-Vietnamese relations continue to reflect considerable ill-will and distrust on both sides. Recent causes of friction include disagreements concerning the future status and role of French military training missions, residual military base rights in South Vietnam, and the equivocal French attitude to-

ward the Communist regime in the north. The French now exercise little influence in Vietnamese affairs and there is little prospect for any improvement in relations in the near future.

62. South Vietnam-US relations have remained close and friendly during the past year. There have been few evidences of Vietnamese resentment of increasing US influence and activity in South Vietnam despite continual efforts by the Communists and some local French to stir up dissatisfaction on that score. The GVN would like the US to raise the mutually agreed ceiling on VNA force levels and desires greater autonomy in administering the foreign aid program. Diem would also like the US to exercise maximum political pressure, especially on the UK, India, and France, to enable the GVN to avoid any responsibility for the Geneva Accords.

63. Relations between South Vietnam and Cambodia have been strained by activities of resistance groups in border areas, by treatment of minority groups, by boundary disputes, and most seriously by disagreements relating to trade arrangements. A trade stoppage early in 1956 was removed through informal mediation by the US, and by the terms of settlement official representatives have been exchanged for the first time. The basic causes of friction remain, however. Vietnam does not desire full diplomatic relations with Cambodia because it fears such action would lead to Cambodian recognition of the DRV as well. There are no pressing problems in Lao-Vietnamese relations and South Vietnam's relations with the Philippines and Thailand are generally good.

IV. THE OUTLOOK IN VIETNAM

Probable Communist Courses of Action Toward South Vietnam

64. The DRV probably estimates that its chances for securing control of South Vietnam by means short of open attack or large scale guerrilla action supported from the north will gradually diminish with the passage of time. As indicated by Soviet and Chinese Communist performance in the past

several months, the DRV probably cannot expect strong support from the Bloc for the "strict implementation" of the Geneva Agreements. The lack of strong Bloc pressure strengthens international acceptance of the status quo in Vietnam and increases confidence in the future in South Vietnam. Although the DRV may still believe that it could obtain control of all Vietnam through ICC supervised nationwide elections, Vietnamese Communist leaders are probably increasingly doubtful on this point because of their own internal difficulties and the growing nationalist stature of Diem. The DRV probably also believes that its covert assets in South Vietnam will gradually decline if the Diem government is permitted to concentrate on internal security and economic problems free of external harassment.]

65. Despite the declining prospects for the "peaceful" take-over of South Vietnam, we believe that the USSR and Communist China will almost certainly continue unwilling to support open DRV military action against South Vietnam during the period of this estimate. They are probably unwilling to risk the chance of US or SEATO intervention which would make it difficult to limit the conflict to Vietnam, and probably believe that overt DRV military action would seriously undercut the worldwide effort of the Bloc to win friends and supporters. Although the DRV retains the capability to launch an independent military action against South Vietnam, the chances of such action in the absence of assured Bloc support appear to be extremely small.

66. The only remaining course of action holding out some promise for the early achievement of Communist control in South Vietnam appears to be the development of large scale guerrilla warfare in the south. In recent weeks a number of reports from sources of untested reliability have indicated that the Communists may have started preparations in both South Vietnam and in the north to begin guerrilla action. DRV allegations of Vietnamese violations of the demilitarized zone along the 17th parallel and Communist claims of US-Diem plans to violate the Armis-

tice could be propaganda cover for the initiation of guerrilla action against the south.

67. However, the possible indications of armed action appear inconsistent with the DRV's insistence on the continued functioning of the ICC — which is in a position to make at least limited observations of DRV activities. Moreover, guerrilla action in South Vietnam, if it were to be sustained and not to result simply in the identification and gradual elimination of Communist cadres, would require large scale support from the north. This would involve some risk of detection by the ICC and of intervention by the US and possibly SEATO. It would also tend to prejudice current Communist maneuvers elsewhere in Asia. For these reasons, we believe that the DRV will refrain from instituting large scale guerrilla action within South Vietnam during the period of this estimate. Communist capabilities for guerrilla warfare in South Vietnam will exist for some time, however, and the chances of their being employed would probably increase in the event of any substantial deterioration in the domestic situation in South Vietnam — such as might conceivably occur on the death of Diem. The chances of Communist guerrilla warfare would also be increased by deterioration of the international aspects of the situation, such as a withdrawal of the ICC under circumstances which would permit the Communists to place the blame for this event on the GVN.

68. The DRV will continue to seek maximum Bloc support for its objectives and will seek, within the limits of Bloc strategy, to harass and undermine the government in South Vietnam. It will continue to seek direct contacts with South Vietnam, offering economic and cultural exchanges while castigating Diem for "bloeking" unification. It will continue efforts to penetrate the government of South Vietnam and to improve its covert organization throughout the area. It may attempt to increase pressures for a reconvening of the Geneva conference and to unsettle the Diem government by fabricating or provoking incidents along the demarcation line and by demonstrations of armed strength within South Vietnam.

Trends in South Vietnam

69. Barring a major Communist effort to disrupt the Diem regime by renewal of large scale guerrilla operations, the over-all prospects for improved security of South Vietnam are good. The VNA, as its training progresses and as more units are released from static security duties, probably will be able to pacify and extend government authority into many areas of present Communist influence. [Diem's success in by-passing the July 1956 election date without evoking large scale Communist military reaction will reassure many Vietnamese and encourage them to cooperate with GVN programs to expose and root out Communists. Continued improvement in internal security will depend in some measure on the government's ability to deal with economic and social problems and on the effectiveness of the administrative apparatus.]

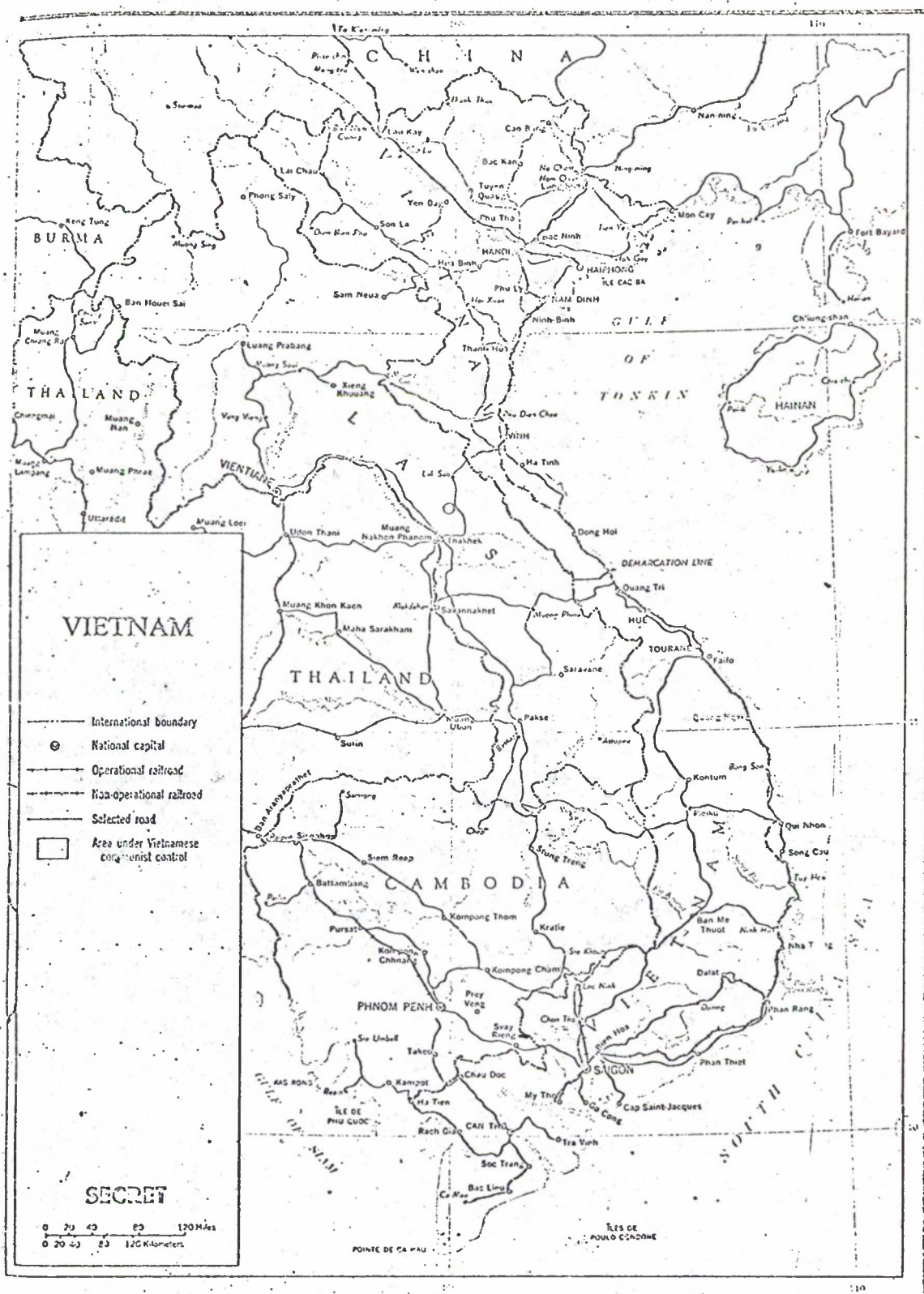
70. If the Communists were to undertake large scale guerrilla action in South Vietnam, they probably would not be able to develop widespread popular support, especially if the VNA were to register some early military success. The GVN is being increasingly accepted as a nationalist alternative to Communist leadership. Public confidence in the GVN, combined with general war-weariness, may have already reached the point where any effort to upset the government by force would lead to a strong popular reaction against the guerrillas.

71. The trend toward increased political stability in South Vietnam will probably continue during the period of this estimate and President Diem will probably continue to exercise effective political control. [The trend toward authoritarian rule through the political parties led by Diem's relatives and small circle of trusted associates will probably continue. Isolation and neutralization of government crit-

ics and men disliked or distrusted by Diem will also continue. Diem and his associates are likely to exert strong pressures against any opposition in the Assembly. Thus it is not likely that Diem or his government will meet any serious opposition in the National Assembly during the period of this estimate; however, over a longer period the accumulation of grievances among various groups and individuals may lead to development of a national opposition movement.] The major economic problems will undoubtedly continue and over the longer run may handicap South Vietnam in competition with the Communist north, but economic conditions are unlikely to affect political stability during the period of this estimate.

72. Despite the moderately favorable outlook projected for South Vietnam, the situation contains many elements of instability, and progress will continue to depend on firm US support. A number of contingent developments could create new tensions among the foreign powers concerned as well as between the GVN and the DRV. For example, the steps which Diem is willing to take toward facilitating the operations of the ICC may not be adequate to satisfy India whose representative serves as chairman of the Commission. Should the Commission withdraw, DRV agitation might well be intensified and international Communist pressures on the diplomatic level would probably increase. The UK might become less firm in its support of Diem's position. Weakening of international support for Diem, a marked increase in Bloc support for the DRV, or a substantial increase in Communist activity within South Vietnam would probably weaken the government's confidence in its position, cause some loss of public support, and lead to renewed efforts by opponents of the regime in the direction of reconciliation with the north.

(2c)



September 5, 1956.

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA

- References:
- A. NSC 5405
 - B. NSC Actions Nos. 1526-b and 1527-c
 - C. NSC 5429/5, paragraph 5-d
 - D. NSC 5429/5, Annex A
 - E. NSC Action No. 1415-c
 - F. NSC Action No. 1571
 - G. Memo for NSC from Executive Secretary, subject: "U. S. Policy in the Event of a Renewal of Aggression in Vietnam", dated September 16, 1955
 - H. Progress Report, dated July 11, 1956, by OCB on NSC 5405 and Portions of NSC 5429/5
 - I. NSC 5610
 - J. NSC 5612
 - K. NSC Action No. 1599

The National Security Council, the Acting Secretary of the Treasury, the Attorney General, the Acting Secretary of Commerce, the Special Assistant to the President for Disarmament, and the Director, Bureau of the Budget, at the 295th Council meeting on August 30, 1956, adopted the statement of policy on the subject contained in NSC 5612, subject to the amendments thereto which are set forth in NSC Action No. 1599-b.

The President has this date approved the statement of policy in NSC 5612, as amended and adopted by the Council and enclosed herewith as NSC 5612/1; directs its implementation by all appropriate Executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency.

The enclosed statement of policy, as adopted and approved, supersedes NSC 5405 and Annex A of NSC 5429/5.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Secretary of Commerce
The Special Assistant to the President for Disarmament
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

STATEMENT OF POLICY

on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA*

I. GENERAL CONSIDERATIONS

1. General. Since mainland Southeast Asia does not represent a unified area, courses of action must generally be determined in the light of widely varying country situations. However, basic objectives and main directions of U. S. policy can and should be established on a regional basis.

2. Consequences of Communist Domination. The national security of the United States would be endangered by Communist domination of mainland Southeast Asia, whether achieved by overt aggression, subversion, or a political and economic offensive.

a. The loss to Communist control of any single free country would encourage tendencies toward accommodation by the rest.

b. The loss of the entire area would have a seriously adverse impact on the U. S. position elsewhere in the Far East, have severe economic consequences for many nations of the free world, add significant resources to the Communist bloc in rice, rubber, tin and other minerals, and could result in severe economic and political pressures on Japan and India for accommodation to the Communist bloc. The loss of Southeast Asia mainland could thus have farreaching consequences seriously adverse to U. S. security interests.

3. The Communist Threat

a. Overt Aggression. Although Communist policy now emphasizes non-military methods, the danger of overt aggression will remain inherent so long as Communist China and North Viet Nam continue a basically hostile policy supported by substantial military forces. There is only a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve

* For purposes of this paper "Mainland Southeast Asia" consists of Burma, Cambodia, Laos, Thailand, Viet Nam, Malaya and Singapore. In addition, there is attached a supplementary statement of policy on the special situation in North Viet Nam.

their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. United States Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the free world will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And in part new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

B. Military. Because these countries do not have the capability of creating armed forces which could effectively resist large-scale external aggression, the United States will be required to provide a basic shield against Communist aggression. For the foreseeable future local will to resist aggression will depend on a conviction in Southeast Asia that the United States will continue its support and will maintain striking forces adequate to counter aggression in Southeast Asia with the capabilities described in NSC 5502/1 (paragraphs 11, 15 and 16). The combination of such U. S. forces and local will to resist would constitute the best deterrent against aggression. Should the deterrent fail, this combination would also provide the most effective insurance that, in conjunction with indigenous and allied forces, the United States could suppress aggression in the area quickly and in a manner and on a scale best calculated to avoid the hostilities broadening into general war.

C. Economic and Technical. The insistence, throughout most of the area, on economic development provides the strongest lever for the exertion of influence by the free world or by the Communist bloc. Without increased external help from some source, most of the governments of the area will be unable, even with adequate indigenous effort, to manage the political demand for rapid betterment in the conditions of life and provide for sound economic development. Failure to obtain such assistance from the free world will tend to drive these countries toward economic dependence on the Communist bloc. The general preference in Southeast Asia for Western technical and economic assistance gives the United States and the free world an opportunity to obtain primacy over Communist efforts in key economic sectors. The outcome may, however, be strongly influenced by the success with which the free world can cope with Communist efforts to exploit the existence of Southeast Asian export problems, particularly those involving rice. In the period ahead, flexibility of U. S. procedure and rapidity of U. S. action will be increasingly important, if effective advantage is to be taken of unexpected and transient opportunities.

5. The Problem of Regional Association. Over the long run, the small, vulnerable, and essentially dependent nations of Southeast Asia cannot exist satisfactorily as free nations without closer associations than now exist.

6. The Problem of Alignment. To preserve their independence, strengthen their internal stability, and protect themselves against aggression, some countries in Southeast Asia

prefer to join regional security arrangements. Some, however, prefer to avoid alignment with other nations. The basic objective of both groups is to maintain the independence of their countries free of outside interference or dictation, and the independence and vitality of both are important to the United States and to each other.

II. POLICY CONCLUSIONS

7. The national independence of the mainland Southeast Asian states is important to the security interests of the United States. If such independence is to be preserved, U. S. policies must seek to build sufficient strength in the area at least to identify aggression, suppress subversion, prevent Communist political and economic domination, and assist the non-Communist governments to consolidate their domestic positions. U. S. policy should not depend primarily on the degree and nature of Communist activity at any particular time, but should seek to promote these goals within the limits of the economic capacities of the countries concerned and U. S. resources available for the area.

8. Where a national determination to maintain independence and oppose external aggression is sufficiently manifest, the United States should be prepared to provide military assistance based upon the missions of the forces as indicated in the "Country Courses of Action" (Part V, below).

9. In the event of aggression against a Southeast Asian state willing to resist, the provisions of the UN Charter or the SEATO Treaty should be invoked, but the United States should not forgo necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

10. In the long run, the ability of the non-Communist governments to attain political, economic and social objectives will be the dominant factor in defeating the Communist attempts to dominate Southeast Asia. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote conditions of sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist bloc, and to give their peoples a greater stake in the continued independence of their countries.

11. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a

country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U. S. strategic objectives. Where new opportunities for affiliation develop they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U. S. interests even though they are not formally aligned with the United States. The United States should accordingly support and assist them so long as they remain determined to preserve their own independence and are actively pursuing policies to this end.

III. OBJECTIVE

12. To prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the Free World; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the Free World.

IV. REGIONAL COURSES OF ACTION*

13. Support and assist the countries of the area on the basis of their will and ability to defend and strengthen their independence.

14. Respect each country's choice of national policy for preserving its independence, but make every effort to demonstrate the advantages of greater cooperation and closer alignment with the Free World, as well as the dangers of alignment with the Communist bloc.

15. Encourage the countries of Southeast Asia to cooperate closely with each other on a basis of mutual aid and support, and support indigenous efforts to develop regional associations so long as they do not weaken SEATO or the spirit of resistance to Communism.

* The regional courses of action are not applicable to Malaya and Singapore.

16. Participate actively in SEATO, and seek to develop with its military and non-military aspects in a manner that will convincingly demonstrate the value of SEATO as a regional association, the usefulness of which extends beyond deterrence of Communist expansion. Encourage limited participation of non-Communist, non-SEATO Asian nations in certain SEATO activities.

17. Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression as well as to indigenous Communist insurrection, subversion, and propaganda.

18. Maintain, in the general area of the Far East, U. S. forces adequate to exert a deterrent influence against Communist aggression, in conformity with NSC 5602/1.

19. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO Treaty, or both as applicable; and subject to local request for assistance take necessary military and any other action to assist any Mainland Southeast Asian state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

20. In case of an imminent or actual Communist attempt to seize control from within, and assuming some manifest local desire for U. S. assistance, take all feasible measures to thwart the attempt, including even military action after appropriate Congressional action.

21. As appropriate, assist the police forces in Southeast Asian countries to obtain training and equipment to detect and contain Communist activities.

22. In order to strengthen the non-Communist governments of the area and to help forestall their economic dependents on the Communist bloc:

a. Provide flexible economic and technical assistance as necessary to attain U. S. objectives..

b. Encourage measures to improve the climate for private investment, both domestic and foreign, and to mobilize the maximum investment of U. S. private capital in the area consistent with the prevailing climate:

c. Encourage United Nations agencies, other Colombo Plan countries, and other friendly countries to contribute available resources to promote the economic growth of Southeast Asia.

d. Encourage the Southeast Asian countries to orient their economics in the direction of the free world and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development, and atomic development.

e. In carrying out programs involving disposal of U. S. agricultural surpluses abroad:

(1) Give particular attention to the economic vulnerabilities of the Southeast Asian countries and avoid, to the maximum extent practicable, detracting from the ability of these countries to market their own exportable produce.

(2) Give particular emphasis to the use of the resources to promote multilateral trade and economic development.

f. Promote as appropriate the expansion of trade relationships between the United States and the countries of Southeast Asia.

g. Take advantage of adverse local reactions to Communist barter agreements with countries in the area by demonstrating the advantages to these countries of conducting trade on a multilateral commercial basis.

23. Make a special, sustained effort to help educate an expanding number of technically competent, pro-Western civilian and military leaders, working bilaterally, through the United Nations, with the other Colombo Plan countries and with other friendly countries. Stress the development of potential and secondary leadership to support the thin stratum of elite now administering the central governments and bring to their support modern techniques and technology in public information and organization.

24. Place increased emphasis on community development projects, educational programs, and other activities aimed to influence the welfare and attitudes of the people at the village level.

25. Strengthen informational, cultural and educational activities, as appropriate, to foster increased alignment of the people with the free world and to contribute to an understanding of Communist aims and techniques.

26. Hold or reduce the number of U. S. officials in each country to a strict minimum consistent with sound implementation of essential programs, in order to head off an adverse political reaction to the presence of a large number of Americans in relatively privileged positions.

27. Promote increasing Asian Buddhist contact with and knowledge of the free world. Explore with friendly religious organizations ways of developing Buddhist fraternal associations and identification with free world religious leaders and movements.

28. Continue activities designed to encourage the overseas Chinese communities in Southeast Asia (a) to organize and activate anti-Communist groups and activities within their own communities; (b) to resist the effects of parallel pro-Communist groups and activities; (c) generally, to increase their orientation toward their local governments and toward the free world; and (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese National Government.

29. Discreetly encourage local governments to work toward assimilation of racial minorities.

30. Implement as appropriate covert operations designed to assist in the achievement of U. S. objectives in Southeast Asia.

31. Promote economic cooperation between the countries of the area and Japan and with the Government of the Republic of China, to the extent feasible without jeopardizing the achievement of U. S. objectives toward the individual Southeast Asian countries.

32. In order to promote increased cooperation in the area and to deny the general area of the Mekong River Basin to Communist influence or domination, assist as feasible in the development of the Mekong River Basin as a nucleus for regional cooperation and mutual aid.

V. COUNTRY COURSES OF ACTION IN ADDITION TO THE "REGIONAL COURSES OF ACTION" ABOVE

BURMA

33. In view of the emerging opportunities in Burma and the repercussions that developments there will have on the uncommitted areas of Asia and Africa, make a special effort to influence an increasingly favorable orientation in Burma's policies.

34. Encourage and support those elements in Burma which do maintain a stable free government that identifies its interest with those of the free world and resists Communist inducements, threats, and programs to subvert Burma's independence.

35. Encourage Burmese assumption of regional and international responsibilities compatible with our own objectives.

36. For political purposes, upon Burmese request make available military equipment and supplies on a loan or reimbursable basis, as consistent with U. S. interests.

37. Encourage the Burmese Government to establish internal security throughout the country, and discourage further foreign assistance to Chinese Nationalist irregulars and ethnic rebel groups in Burma.

38. Should overt Communist aggression occur against Burma, invoke the UN Charter and, subject to Burmese request for assistance, take necessary military and any other action to assist Burma if Burma is willing to resist Communist resort to force and U. S. vital interests are involved: provided that the taking of military action shall be subject to prior submission to and approval by the Congress.

CAMBODIA

39. In order to maintain Cambodia's independence and to reverse the drift toward pro-Communist neutrality, encourage individuals and groups in Cambodia who oppose dealing with the Communist bloc and who would serve to broaden the political power base in Cambodia.

40. Provide modest military aid for indigenous armed forces capable of assuring internal security.

41. Terminate economic and military aid if the Cambodian Government ceases to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence.

42. Assist where possible in solution of Cambodian-Thai border problems and in fostering good relations between Cambodia and Viet Nam.

LAOS

43. Seek to strengthen the determination of the Royal Government to resist subversion and to maintain its independence.

44. In order to prevent Lao neutrality from veering toward pro-Communism, encourage individuals and groups in Laos who oppose dealing with the Communist blow.

45. Develop an attitude of confidence on the part of the leaders that the UN Charter, SEATO, and U. S. support provide a favorable basis for Lao resistance to Communist pressure and inducements.

46. Encourage and support close bonds between Laos and Thailand; including such political associations, economic cooperation, and joint military planning as feasible.

47. Support the expansion and reorganization of police, propaganda, and army intelligence services, provided anti-Communist elements maintain effective control of these Services.

48. Continue support of the Royal Lao Army to assure internal security and provide limited initial resistance to an attack by the Viet Minh.

49. Terminate economic and military aid if the Lao Government ceases to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence.

THAILAND

50. Promote the development of Thai leadership which is increasingly united, stable and constructive, is supported by the Thai people, and willing to continue the alignment of Thailand with the United States and the West.

51. _____

52. Provide military assistance to Thailand for support of forces sufficient:

a. To maintain internal security.

b. To present limited initial resistance to external aggression.

c. To make a modest contribution to collective defense of contiguous SEATO areas.

53. Encourage and support close bonds between Thailand and Laos and between Thailand and Cambodia, including such political associations, economic cooperation, and joint military planning as feasible.

VIET NAM

54. Assist Free Viet Nam to develop a strong, stable and constitutional government to enable Free Viet Nam to assert an increasingly attractive contrast to conditions in the present Communist zone.

55. Work toward the weakening of the Communists in North and South Viet Nam in order to bring about the eventual peaceful reunification of a free and independent Viet Nam under anti-Communist leadership.

56. Support the position of the Government of Free Viet Nam that all-Viet Nam elections may take place only after it is satisfied that genuinely free elections can be held throughout both zones of Viet Nam.

57. Assist Free Viet Nam to build up indigenous armed forces, including independent logistical and administrative services, which will be capable of assuring internal security and of providing limited initial resistance to attack by the Viet Minh.

58. Encourage Vietnamese military planning for defense against external aggression along lines consistent with U. S. planning concepts based upon approved U. S. policy and discreetly manifest in other ways U. S. interest in assisting Free Viet Nam, in accordance with the SEATO Treaty, to defend itself against external aggression.

SINGAPORE AND THE FEDERATION OF MALAYA

(The following courses of action only, and not the regional courses of action, are applicable to the Federation of Malaya and Singapore.)

59. Accept the present primary role of the British in Malaya in so far as they are willing and able to maintain it, and collaborate with the British so far as practicable.

60. Encourage the British and local authorities to take vigorous actions to curb Communist subversion, and be prepared to assist in such action as requested by British or local authorities.

61. Employ all feasible means to prevent Singapore and the Federation of Malaya from falling under Communist control.

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62. Encourage the development of a strong, stable, independent Malayan nation within the Commonwealth.

63. Seek to assure free world strategic interests in Singapore, favoring, only if consistent with this end, elective institutions in Singapore and Singapore's incorporation with an independent Malaya within the Commonwealth.

64. After Malaya attains full self-government and independence, be prepared, as appropriate and consistent with recognition of Commonwealth responsibility, to assist Malaya to maintain stability and independence, and encourage it to join SEATO.

VI. SUPPLEMENTARY STATEMENT OF POLICY

on

THE SPECIAL SITUATION IN NORTH VIET NAM

65. Treat the Viet Minh as not constituting a legitimate government, and discourage other non-Communist states from developing or maintaining relations with the Viet Minh regime.

66. Prevent the Viet Minh from expanding their political influence and territorial control in Free Viet Nam and South-east Asia.

67. Deter the Viet Minh from attacking or subverting Free Viet Nam or Laos.

68. Probe weaknesses of the Viet Minh and exploit them internally and internationally whenever possible.

69. Exploit nationalist sentiment within North Viet Nam as a means of weakening and disrupting Sino-Soviet domination.

70. Assist the Government of Viet Nam to undertake programs of political, economic and psychological warfare against Viet Minh Communists.

71. Apply, as necessary to achieve U. S. objectives, restrictions on U. S. exports and shipping and on foreign assets similar to those already in effect for Communist China and North Korea.

16 Nov 1956

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: U.S. Force Commitments to the SEATO

1. Reference is made to ADMIN CINCPAC Message 040151Z July 1956, subject: "Preliminary Summary of SEATO Third Military Staff Planners' Conference, Singapore, 11-27 June," which stated, inter alia, that CINCPAC would require high level policy guidance in the matter of U.S. force commitments to the SEATO.
2. The permanent SEATO Military Planning Staff is scheduled to be established in Bangkok by 15 January 1957. As force requirements planning progresses toward detailed plans, there will be increasing pressure placed on the United States, particularly by the Asian members of SEATO, for information as to availability of U.S. forces to support SEATO plans.
3. The United States should not duplicate the pattern of NATO and its significant standing military forces by earmarking U. S. forces for Southeast Asia. Instead, the United States should maintain mobile striking power readily available for immediate operations and sufficient, in concept with other nations, to defeat overt Communist local aggression in the SEATO area. The Joint Chiefs of Staff consider that although detailed U.S. strategic plans should not be discussed with military representatives of the SEATO nations, the United States should discuss her capabilities and methods of providing support to these nations without making a specific commitment of forces. The major effort of the United States should be to provide those types of forces which are needed in the SEATO area and logistic support to indigenous forces.
4. The Joint Chiefs of Staff recommend that the United States make no specific force commitments to the SEATO but that the U. S. Military Adviser, at the next meeting of the SEATO Military

advisors be authorized to reassure the SEATO nations of U.S. support in the event of overt Communist aggression. The Joint Chiefs of Staff further recommend that the U.S. Military Adviser be authorized to inform the SEATO nations, in broad terms, of the major U.S. forces deployed to the Western Pacific and those forces available to CINCPAC for contingency planning, emphasizing the flexibility and mobility of these forces.

For the Joint Chiefs of Staff:

/s/Arthur Radford
ARTHUR RADFORD,
Chairman,
Joint Chiefs of Staff

April 15, 1957

In reply refer to: I-13475/7

Dear Mr. Robertson:

Recent developments have brought about a new urgency in resolving the problem of the ceiling on U. S. military personnel in Viet-Nam. You will remember that by interdepartmental agreement early in 1956 there was established a ceiling of 692, which includes 342 for the MAAG and 350 for TERM, the Temporary Equipment Recovery Mission.

Two facets of the problem now point to the necessity of doing away with the MAAG ceiling and permitting the Departments of the Army, Navy, and Air Force to augment MAAG Viet-Nam with the additional personnel necessary to accomplish the mission there.

The first aspect is that raised in the telegram from the Embassy in Saigon to the Department of State, 2772, of 12 March 1957, which points out that the International Control Commission is becoming increasingly more restive in respect to TERM and recommends consideration of several courses of action. The Department of Defense concurred in the April 9 Department of State telegram to Saigon which stated that a solution of the problem along the lines of incorporating TERM into an increased MAAG was under study and that the Department of State would discuss the problem with the Canadians, British, French, and Indians. This telegram was the result of a conference on March 20 of staff representatives of the two departments in which Ambassador Durbrow participated.

The second aspect of the problem is the necessity for taking over the training of the Vietnamese Navy and Air Force. It will be remembered that TERM was created for a dual purpose, to provide a logistical organization to resolve the problems of excess property in Indochina and logistical training in Viet-Nam, and to free the MAAG from other duties so that its personnel could concentrate on the training of the Vietnamese Army. The withdrawal of the French Army training personnel required this increased emphasis on training. In the telegram from Chief, MAAG Viet-Nam 5607 of 4 April, we have been informed that President Ngo Dinh Diem told the Chief, MAAG that agreement had been reached with the French Ambassador for the withdrawal of the French Air Force and Navy training missions upon the completion of the present courses of instruction. The first completion is scheduled for this month, and additional U.S. military personnel will be required to pick

up the training from the French. CINCPAC has requested in his 062352Z of 6 April that additional personnel over and above the present ceiling reach Viet-Nam in June of this year.

Other aspects of the problem of the ceiling include a request from President Diem for additional Army instructors at the Viet-Nam military academy, a proposal by CINCPAC to transfer underway training of the Vietnamese Navy from Subic Bay to Viet-Nam, and the current difficulty in operating MAAG and TERM efficiently within their present ceilings.

An increase in MAAG strength to achieve a rapid improvement in the effectiveness of Vietnamese forces to compensate for the withdrawal of French forces is considered a matter of urgency. While the French have withdrawn approximately 190,000 regular troops from Viet-Nam since the Geneva Agreement was signed the Viet Minh have continuously reorganized and re-equipped their forces during the same period so as to increase their regular combat strength from six to eighteen divisions. These forces have a capability of conducting combat operations at Corps level. The Vietnamese Army consists of ten divisions which are in the early stages of training at regimental and division level. The current military situation requires that the Vietnamese armed forces expeditiously attain a satisfactory level of combat effectiveness.

In view of the forthcoming visit of President Diem to Washington on May 8th, 9th, and 10th and of the impending training crises for the Vietnamese Navy and Air Force I recommend that steps be taken as a matter of urgency to secure the necessary international concurrences in the abolition of the ceiling on MAAG Viet-Nam. I feel it might be desirable to have this problem resolved, if possible, prior to the arrival of President Diem in Washington so that he could be informed at that time of our plans to assist him in the training of his Navy and Air Force.

Sincerely yours,

(Signed) Mansfield D. Sprague

Mansfield D. Sprague
Assistant Secretary of Defense (ISA)

Honorable Walter S. Robertson
Assistant Secretary of State
Department of State

2 May 1957

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ITEM 6 (For Information)

PROGRESS REPORT ON MAINLAND SOUTHEAST ASIA (NSC 5612/1)BACKGROUND

1. The current U.S. policy on SE Asia (NSC 5612/1) was approved 5 September 1956. This is the first progress report thereon and covers the period through 13 March 1957.

SUMMARY

2. No review of NSC policy is recommended by the OCB.

3. Burma appears to be moving closer to the Free World. Although her basic policy of neutralism is unlikely to change, Burma has indicated interest in obtaining U.S. economic and military assistance. The U.S. has been unable to influence Cambodia in the direction of development of a stable government and non-involvement with the Communist Bloc. The situation in Laos worsened, the government being threatened with the possibility of downfall if negotiations with the Pathet Lao should collapse. The Federation of Malaya made further progress in its transition to independence. Thailand's slow progress toward free representative government continued, and Vietnam seems clearly persuaded that its interests lie in stronger affiliation with the Free World.

4. A combined SEATO military exercise was held to improve military cooperation among the SEATO nations. Prospects that other nations might participate in SEATO did not improve, with the exception of Vietnam. On the whole, MDAP has begun to make a contribution. In Vietnam the Army is now capable of insuring internal security, and in Cambodia the MAAG has made some progress toward achieving a working relationship with the Cambodian general staff. In Laos MDAP has made an army possible. In Thailand the armed forces are considered capable of meeting any indigenous threat to internal security, retarding external aggression, and making a token contribution to collective defense.

5. The economic aid programs in the area have all continued to show slow progress. No new U.S. commitments have been entered into during the reporting period. Efforts have been made to lessen demands upon U.S. resources and upon local economies (NSC Action No. 1599-a). In Cambodia and Laos the armed forces were reduced, and in Vietnam the U.S. has refused a request for an increase of forces. In Burma, for overriding political considerations, it was found necessary to grant Burma's request for needed loan assistance. In Thailand no formal consultations have been held with regard to the purposes of NSC Action No. 1599-a.

COMMENT

6. As you know, the JCS recently recommended that U.S. policy re Cambodia be modified to restore the mission for its armed forces of resisting external aggression. We have recommended that you non-concur in the JCS recommendation.

RECOMMENDATION

7. It is recommended that you note the report without exception.

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ORIGINAL MAY NOT BE REMOVED
From Office of DAAP-2A: By
Direction, Chief Coordination Group

NIE 63.2-57
14 May 1957

No. 176
7

NATIONAL INTELLIGENCE ESTIMATE NUMBER 63.2-57

(Supersedes relevant portions of NIE 63-53)

THE PROSPECTS FOR NORTH VIETNAM

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 14 May 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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FOR THE SECRETARY OF DEFENSE

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AND FOR 5206.10 DOES NOT APPLY

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THE PROSPECTS FOR NORTH VIETNAM

THE PROBLEM

To analyze the current political, economic, and military situations and to estimate the prospects for North Vietnam over the next year or so.

CONCLUSIONS

1. Although the Communist regime in North Vietnam (DRV) has probably lost a considerable measure of its original popular support and has been faced with sporadic outbursts of violence, it remains in firm control largely because of the loyalty and effectiveness of the army. Moreover, with substantial help from the Bloc, it has apparently made significant progress toward economic restoration, particularly in agriculture. (*Paras. 13-16, 20-21*)
2. The DRV has undertaken to "correct its mistakes" which it admits caused popular resentment, and it will probably be able to regain some of the popular support which it lost. If the party organization is sufficiently strengthened and if crop prospects are good, steps toward further socialization of agriculture may come as soon as the fall or winter of 1957. Local disturbances may recur but for the foreseeable future the DRV will be capable of maintaining effective control. (*Paras. 17, 23-26*)
3. The DRV is generally isolated from the outside world except for close ties with the Bloc, on which it depends for aid and support. However, the DRV has probably been disappointed by the lack of effective Bloc support for its objective of unifying all Vietnam under DRV rule. The DRV, with Bloc logistical support, could easily overrun South Vietnam, Cambodia, and Laos if opposed only by indigenous forces. However, the Bloc would support such an attack only if Moscow and Peiping were to estimate that such action carried little risk of US military intervention. (*Paras. 29-34*)
4. The DRV will probably continue its tactics of "peaceful competition" with South Vietnam for the support of the Vietnamese, although it will continue its efforts to infiltrate and to subvert official and nonofficial organizations and to exploit dissident and dissatisfied groups in South Vietnam. In Laos, we believe that the DRV will continue to support Pathet Lao efforts to negotiate a political agreement with the Royal Lao Government, with the ultimate objective of Communist control, and may encourage local Pathet Lao military action in order to bring pressure to this end. The DRV will probably not, in the immediate future, play a primary role in Cambodia. (*Paras. 34-36*)



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

MAY 15 1957

INTERNATIONAL SECURITY AFFAIRS

MEETING BETWEEN PRESIDENT DIEM AND DEPUTY SECRETARY QUARLES
10 May 1957, 1040 to 1210 Room 3E924, The Pentagon

Present were: President Ngo Dinh Diem
General Tran Van Don, Staff Chief of the General Staff
Vietnamese Ambassador Tran Van Chuong
Nguyen Huu Chau, Secretary of State for the Interior and to the Presidency
Rear Admiral D. L. McDonald, Aide to President Ngo Dinh Diem
Deputy Secretary Donald A. Quarles
General Nathan F. Twining
Mr. Mansfield D. Sprague, Assistant Secretary of Defense (ISA)
Lt. General Alonzo P. Fox, USA
US Ambassador to Viet-Nam Elbridge Durbrow
Assistant Secretary of State Robertson
Mr. Kenneth Young, Dept. of State
Mr. Sedgewick (Interpreter)
Captain B. A. Robbins, Jr., USN

Secretary Quarles opened the meeting by explaining that instead of a briefing for President Ngo as had originally been scheduled, it was felt that this might be considered presumptuous in view of the President's knowledge of Southeast Asia, and therefore the President was invited to express his views on the situation.

President Ngo proceeded to sketch out his thoughts on the strategic problem of Viet-Nam, the military situation and its requirements. He views Viet-Nam as a bridgehead, which in case of conflict would receive support and assistance from SEATO. Viet-Nam is endangered by two things; subversive elements under Communist direction and aggression by invasion. This latter may take the form of invasion at the 17th parallel, or over the high plateau and then down through Laos to cut off the capital from the west, or a combination of both. The invasion route across the 17th parallel would cut off a large percentage of the population and not enough would be left to raise additional forces for resistance. The interior line

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SecDef Cont. No. 50-397

of invasion along the border area has no natural defenses after the enemy passes through the Annam Chain. This is a soft area for defensive purposes. Either one, or a combination of both, of the above routes is possible and feasible. Above the 17th parallel the Viet Minh have 200,000 regular troops and 250,000 regional troops. Secretary Quarles raised the question as to restriction on those forces by the Geneva Accords. It was stated that there is no restriction on the numbers. The troops, however, have been given modernized equipment and training by the Chinese Communists and their re-equipment is a violation of the Geneva Accords. President Ngo also stated the Russians are particularly concerned with the training of these forces and in accordance with Russian practice have emphasized artillery to the point that they have three times as much as Viet-Nam. He stated that the Viet-Minh air force has been training in Communist China since 1951.

The Vietnamese do not have sufficient forces to guard the entire border. Laos has a weak army, very poor roads and is lightly populated. Infiltration through Laos is both easy and dangerous to Viet-Nam. It is believed possible that the Viet Minh could infiltrate this interior route with as many as a 100,000 troops disguised as coolies which could be very dangerous. President Ngo views a strictly defensive plan as unsatisfactory if only because of the demoralizing factor. He feels the plan must be both offensive and defensive. He covered this concept as follows: (1) Vietnamese do not know the SEATO Plan. (2) The General Staff first conceived a defensive plan which was considered demoralizing. (3) They have now conceived an offensive-defensive plan which has been referred to General Williams. (4) Population of the North is against Communism. If free to move it would move out to the South. In the North soldiers are the principals in the privileged class. (5) It is believed necessary in the event of aggression to bring airborne troops into the high plateau area of Laos-Viet-Nam, and also conduct airborne operations to pin down the Viet Minh and make possible an offensive to the North. In addition the line of the 17th parallel must be held as this is the route of refugees. Any airborne landings must be Vietnamese troops not foreign troops. Foreign troops should be limited to use below the 17th parallel as support forces.

Big question for Vietnamese is when do they get the foreign troops. Thai forces will be otherwise occupied. The civil guard is poorly equipped and would not be effective. There are no other ground forces available in the Southeast

Asia area. In answer to a question as to whether the troops to be used in the plateau could be Thai, the President answered no. Laos is afraid of the Thais; they are afraid of a Pan-Thai movement to swallow Laos. Laos hates Cambodia, distrusts the Thais but likes the Vietnamese. They would like an outlet to the sea at Tourane. They have promised to send officers to be trained by the Vietnamese. President Ngo then commented on his planned second counter move which is to fill up the vacuum of the high plateau area, the forest border area and the Plaine des Jones. This plan will be begun by placing trained demobilized men from the Civil Guard in these areas with their families, 3,000 so far. He is now appealing to the people of the central Viet-Nam area to settle on the high plateau and is asking people of South Viet-Nam, the southern areas, to move in to the Plaine des Jones.

SEATO has always recognized the need of the fight against subversion. Planting men in these areas will construct a human wall effective against Communist infiltration and subversion. The above goes hand in hand with construction of roads in the above areas. Stationing men and building roads serve both a strategic and economic purpose. The road building projects is really a stage of the French plan that goes back to 1919 and continues to 1942.

Secretary Quarles asked the status of the road construction now. The President answered it had not yet begun but Capital Engineering Firm was starting construction studies and he thought construction could begin next year. These roads in the interior are important because the roads along the coast is easily disrupted. It has many bridges and that is why French, thinking of the possibility of Japanese aggression along the coast, thought roads in this area desirable. This was part of the French Empire Plan to tie together Viet-Nam Cambodia and Laos. It is still a good plan for the defense of Southeast Asia. It includes a road across the interior to Pakse on the Mekong which is near the Thai Railroad terminus at Ubon. Route 9 from Tourane to Savannakhet is too close to the 17th parallel, but Laos is interested in an outlet to the sea for economic reasons. SEATO principals are (1) to parry aggression (2) struggle against subversion and (3) economic and social aspects required to support the above. The French and British are interested mostly in number 3. The military strategic aspect of offensive-defensive plan are favored by the air force and navy. In case of aggression tactical atomic weapons could be used. Vietnamese feel they must emphasize ground weapons because the Viet-Nam war showed that it was difficult to use air effectively in this country. Communist

troops are very mobile. The irregular forces advance ahead of regular troops to sabotage and cut communications. They also follow the regular troops to subdue the population. Use of atomic weapons against the aggression through the sparse settled territory of Laos would not be effective. Therefore, the President believes that the Vietnamese must reorganize their Army to be prepared for such a struggle.

Despite the efforts of General O'Daniel the present Army structure is now not satisfactory. This is due to the French policy which insisted on keeping Vietnamese forces in small units no larger than a battalion, preventing the development of a proper Viet-Nam Army. This is why Diem could not come to power sooner. French said Vietnamese couldn't be trained and were too weak physically. They limited them to light forces. After the Armistice the French continued to control the forces. Following the French phase out, and the elimination of French forces, training was conducted under a mixed French-US training group. The French concept of light battalion, light division, heavy division, made no sense at all not even for use against the sects. I therefore felt the Army should be completely reorganized, and consolidation of training into a strictly US mission made this possible. The U.S. military know that the Vietnamese make good soldiers. I have talked over my idea with General Williams, and it is to reorganize my 6 light and 4 heavy divisions of 5,600 and 8,300 men respectively, into the same number of field divisions with 10,000 each, with 3 regiments per division. To achieve this the Army must increase to 170,000. This would avoid a complete shift of the present division. If we stay at the present 150,000 men it would be necessary to shift or change the basic structure. If our total forces are raised to 170 thousand we could increase each division to 10,000. To reduce the impact on the budget I have decreed a draft as a stop gap plan. Draftees will be inducted for 1 year terms in the age group 20 to 21. Beginning 1 August 150 per day will be inducted. This will amount to 48,000 per year. In 3 years this will make it possible to replace 2/3 of the Army at the end of 3 years. The budget will be stabilized. At the present time Viet-Nam army is organized along French colonial lines with the families traveling with the troops. The average pay is a thousand piasters a month. The military budget is 170 million dollars a year. The use of draftees would reduce the cost by half. Draftees would be young people with no families. The US military recommend that I not replace all my troops with draftees but retain 30,000 minimum as a hard core. I believe the above is necessary because in my view to meet aggression in my country requires emphasis on the ground forces. As the

present troops with their families are demobilized they would be settled in the high plateau and the Plaine des Jones area. This would be beneficial both from economic and strategic reasons.

At this point Secretary Quarles noted that the President was due at the Press Club shortly and requested time for a few U.S. questions. His first was whether the Geneva Accords inhibited (US) training personnel. President Diem replied that there had been no protests - there had been embarrassing questions, but the Geneva Accords only prohibited troop reinforcements.

Mr. Quarles asked a general question on the status of training and equipment of the Viet-Nam air force. General Don replied that the planes turned over by the French had been retained for training until no longer usable and then returned. President Ngo said that in general vehicles and communications equipment were in bad shape. These can be replaced with the same type used by the French without violating the Geneva Accords. He continued to say that the French training of the air force and navy in his opinion was very poor because the French were dragging their feet. For the Viet-Nam Air Force actually they were providing only 6 months training for mechanics which U.S. military personnel considered inadequate. When the French questioned him about the renewal of their training contract the conversation resulted in an agreement to withdraw the French Air Force training mission with the exception of special French personnel who would remain until the end of the year for technical training. All other requirements would be met by the U.S. He had therefore requested the MAAG provide these training personnel and several instructors for the military academy (Armed Forces Academy).

After brief closing remark by Secretary Quarles the session ended.

B. A. Robbins, Jr.
for RFE

B. A. Robbins, Jr., Capt. USN
Regional Director, Far East

ITEM 4

PROGRESS REPORT ON U.S. POLICY IN MAINLAND SOUTHEAST ASIA (NSC 5612/1)

BACKGROUND

1. U.S. Policy in Mainland Southeast Asia was approved on 5 September 1956. This progress report covers the period 13 March through 6 November 1957.

SUMMARY

2. General. Many surface developments seemed to favor the Free World, although the Communists, often working underground, may have made gains of their own. The coup in Thailand, the repercussions of which are still to be felt, over-shadowed all other developments. If Thailand orients itself toward neutralism, some of the Free World gains might well be reduced. The SEATO staff was strengthened, and the September Military Advisers' meeting was highly successful. There was modest progress in developing SEATO economic and social programs. Nevertheless, the generation of public attitudes favorable to collective security pacts and the West in general is becoming increasingly difficult in the area. The adverse effect on U.S. political objectives of PL 480 rice sales temporarily receded because the area nations found ready markets for their produce in 1957.

3. Political items of interest on specific countries are:

a. Thailand: The dependability of assurances that Thai foreign policy will not change remains to be seen. A period of considerable domestic instability is anticipated. Adjustments to Communist China will probably continue. Owing to the changed situation, various U.S. programs, particularly military and economic assistance programs, are being reviewed.

b. Burma cautiously developed closer relations with the Free World while maintaining publicly its neutral position and continuing to receive Communist aid. Awareness of the Communist danger increased. The Government recognized and began to cope with its foremost problem, the preservation of law and order.

c. Laos: Although the outlook improved with the formation of a conservative cabinet, negotiations for a cabinet including Pathet Lao (Communist-led) representatives became more active. The threat posed by Pathet Lao control of two northern provinces continues, and security conditions in the areas under government control deteriorated.

d. Cambodia: A sharper awareness of the Communist danger appeared to create a more friendly climate toward the U.S., and the government showed an increased will to resist internal Communist subversion. Nevertheless, the overall internal security situation deteriorated as a result of more vigorous Communist activity.

e. Vietnam maintained its close relationship with the U.S. Progress was made in developing a representative government, while executive leadership remained strong. Effective countermeasures against non-violent Communist subversion remain a priority requirement.

f. Malaya became an independent member of the British Commonwealth in August, and good will continues to exist toward Great Britain. The new cabinet is conservative and pro-Western, but present indications are that Malaya will not join SEATO. Communist terrorists continue to threaten internal security. The government is opposed to any political fusion with Singapore at this time.

g. The Singapore government, although beset with internal political difficulties, weakened the Communists by additional arrests of known subversives.

4. Economic. Serious obstacles to regional economic cooperation remain, such as preoccupation with domestic affairs, political antagonisms, and lack of complementary economies. Economic development throughout the area is severely handicapped by lack of trained manpower. The Sino-Soviet Bloc continues a high degree of economic activity in the area, with demonstrated flexibility. (Annex B is a discussion of Bloc-Southeast Asian economic relations.) Southeast Asian nations are comparing U.S. and Sino-Soviet Bloc aid programs as to aid levels, administrative procedures and controls, and speed of performance. Complaints continue regarding U.S. aid program delays. Conflicting claims on U.S. aid and inefficient use of local resources present problems in some countries. The climate for U.S. private investment leaves much to be desired. Planned expenditures for U.S. economic and technical assistance for FY 1958 in millions are: Burma - \$10.0; Thailand - \$35.0; Cambodia - \$35.0; Laos - \$36.6; Vietnam - \$209.4; Malaya - none. These expenditures total \$326 million, compared to estimated expenditures of \$379 million for FY 1957.

5. Military. The U.S. has, or will have, Overseas Internal Security Programs in Cambodia, Laos, Vietnam, and Thailand. U.S. police experts will make a survey in connection with a Burmese request for assistance, and the Burmese have been informed that \$10 million U.S. military assistance will be available. The Vietnamese armed forces improved significantly, and Communist capabilities for resistance in South Vietnam were neutralized. The current situation in Vietnam does not permit any reduction in forces, but the U.S. did not accede to President Diem's request for increased troop strength. The Malayan Government agreed to the continued stationing of British Commonwealth troops in Malaya and to their bearing defense responsibilities for Malaya. Estimated Military Assistance expenditures for FY 1958 (with FY 1957 estimates in parentheses) are, in millions: Thailand - \$20.4 (\$25.3); Cambodia - \$6.2 (\$21.1); Laos - \$5.7 (\$3.8); Vietnam - \$43.5 (\$105.0); total - \$75.8 (\$155.2).

6. Recommendation Regarding Policy Review. After the December elections in Thailand, consideration should be given to the need for a review of the pertinent sections. The section pertaining to Malaya is outdated and should be reviewed.

COMMENTS

7. The sharp drop in estimated MAP expenditures for Vietnam for FY 1958, as compared with FY 1957, reflect a drop in the program (\$38.9 million for FY 1958, compared to \$74.2 million for FY 1957) and a levelling off of the pipeline.

8. Burmese representatives are expected to arrive in Washington on approximately 8 December to negotiate the details of the first military assistance program for Burma. The U.S. team of police experts is now conducting its survey in Burma.

9. Since approval of the report, the Pathet Lao symbolically surrendered authority over the two Northern provinces under its control and a coalition cabinet including two Pathet Lao representatives was formed. The actual imposition of government control over the northern provinces and the integration of 1500 Pathet Lao troops into the army, as agreed, are still uncertain of achievement.

10. - The paper is considered to be generally acceptable.

RECOMMENDATION

11. It is recommended that you note the report without exception.

5 December 1957

ITEM 5 (For Discussion)

PROGRESS REPORT ON U.S. POLICY IN MAINLAND
SOUTHEAST ASIA (NSC 5612/1)BACKGROUND

1. U. S. Policy in Mainland Southeast Asia was approved on 5 September 1956. This progress report covers the period 13 March through 6 November 1957.

SUMMARY2. Political:

- a. Thailand: The coup in Thailand overshadowed all other developments in the area. The dependability of assurances that Thai foreign policy will not change remains to be seen. Owing to the changed situation, various U. S. programs are being reviewed.
- b. Burma cautiously developed closer relations with the Free World while maintaining publicly its neutral position and continuing to receive Communist aid.
- c. Laos: Negotiations for a cabinet including Pathet Lao (Communist-led) representatives became more active. The threat posed by Pathet Lao control of two northern provinces continues, and security conditions in the areas under government control deteriorated.
- d. Cambodia: A sharper awareness of the Communist danger appeared to create a more friendly climate toward the U. S. Nevertheless, the overall internal security situation deteriorated as a result of more vigorous Communist activity.
- e. Vietnam maintained its close relationship with the U. S. Progress was made in developing a representative government, and executive leadership remained strong.
- f. Malaya became an independent member of the British Commonwealth in August, and good will continues to exist toward the U. K. The new cabinet is conservative and pro-Western, but present indications are that Malaya will not join SEATO. Communist terrorists continue to threaten internal security.
- g. Singapore: The government weakened Communist strength by additional arrests.

3. Economic: The Sino-Soviet Bloc continues a high degree of economic activity in the area, with demonstrated flexibility, and Southeast Asian nations are comparing U. S. and Sino-Soviet Bloc aid programs. Complaints continue regarding U. S. aid program delays. Planned expenditures for U. S. economic and technical assistance for FY 1958 (with FY 1957 estimates in parenthesis) are, in millions: Burma - \$10.0 (\$0.0); Thailand - \$35.0 (\$39.8); Cambodia - \$35.0 (\$41.0); Laos - \$36.6 (\$47.9); Vietnam - \$209.4 (\$249.8); total - \$326.0 (\$378.5).

4. Military: In Vietnam, the armed forces improved significantly, but the current situation does not permit any force reduction. Burma has been informed that \$10 million in U. S. military assistance will be available. Estimated Military Assistance expenditures for the area for FY 1958 (with FY 1957 estimates in parentheses) are, in millions: Thailand - \$20.4 (\$25.3); Cambodia - \$6.2 (\$21.1); Laos - \$5.7 (\$3.8); Vietnam - \$43.5 (\$105.0); total - \$75.8 (\$155.2).

5. Recommendation regarding Policy Review. After the December elections in Thailand, consideration should be given to the need for a review of the pertinent sections. The section pertaining to Malaya is outdated and should be reviewed.

COMMENTS

6. Vietnam: The sharp drop in estimated MAP expenditures for Vietnam for FY 1958, as compared with FY 1957, reflects a drop in the program and a levelling off of the pipeline. Laos: Since approval of the report, a coalition cabinet including two Pathet Lao representatives has been formed.

7. The report is considered to be generally acceptable.

RECOMMENDATION

8. It is recommended that you note the report without exception.

April 2, 1958

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA

- References: A. NSC 5612/1
B. NSC Action No. 1826
C. Memos for NSC from Executive Secretary, same subject, dated February 20 and March 3, 1958
D. NSC Action No. 1885

The National Security Council, the Acting Secretary of the Treasury, the Attorney General, the Secretary of Commerce and the Director, Bureau of the Budget, by Memorandum Action as of April 2, 1958 (NSC Action No. 1885), adopted the draft revisions of the Laos, Thailand, Malaya and Singapore sections of NSC 5612/1, prepared by the NSC Planning Board in accordance with NSC Action No. 1826-b and transmitted by the reference memorandum of February 20, 1958; subject to:

a. The following comment by the Attorney General:

"Agree, subject to the substitution of the phrase 'of the proviso' for the word 'indicated' in the last line of paragraph 64A so as to make identical the references to the taking of independent action in paragraphs 64A and 64D. It is felt that such an amendment would obviate any future implication that independent U. S. military action in defense of Malaya might be undertaken without regard to the proviso in paragraph 19."

b. The following comment by the Secretary of Commerce:

"The Department of Commerce does not consider that grant economic assistance to the Federation of Malaya is necessary or desirable at this time and understands the revision does not incorporate such provision. Also the Department does not feel that loans to the Federation of Malaya for economic development purposes are necessary at this time and should a proposal for such loans be advanced, would desire participation in the early stages of consideration."

The above revisions to NSC 5612/1, including the revision proposed by the Attorney General, were approved by the President on April 2, 1958. The President directs that NSC 5612/1, as amended and approved and enclosed herewith as NSC 5809, be implemented by all appropriate Executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency.

A Financial Appendix on the subject, which accompanied NSC 5612/1, has not been reproduced. A new Financial Appendix will be prepared when the policy is next reviewed.

NSC 5809 supersedes NSC 5612/1.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Secretary of Commerce
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

STATEMENT OF POLICY

on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA*

I. GENERAL CONSIDERATIONS

1. General. Since mainland Southeast Asia does not represent a unified area, courses of action must generally be determined in the light of widely varying country situations. However, basic objectives and main directions of U. S. policy can and should be established on a regional basis.

2. Consequences of Communist Domination. The national security of the United States would be endangered by Communist domination of mainland Southeast Asia, whether achieved by overt aggression, subversion, or a political and economic offensive.

a. The loss to Communist control of any single free country would encourage tendencies toward accommodation by the rest.

b. The loss of the entire area would have a seriously adverse impact on the U. S. position elsewhere in the Far East, have severe economic consequences for many nations of the Free World, add significant resources to the Communist bloc in rice, rubber, tin and other minerals, and could result in severe economic and political pressures on Japan and India for accommodation to the Communist bloc. The loss of Southeast Asia mainland could thus have farreaching consequences seriously adverse to U. S. security interests.

3. The Communist Threat

a. Overt Aggression. Although Communist policy now emphasizes non-military methods, the danger of overt aggression will remain inherent so long as Communist China and North Viet Nam continue a basically hostile policy supported by substantial military forces. There is only

* For purposes of this paper, "Mainland Southeast Asia" consists of Burma, Cambodia, Laos, Thailand, Viet Nam, Malaya and Singapore. In addition, there is attached a supplementary statement of policy on the special situation in North Viet Nam.

Page 2. par. 3-c. Revise the first sentence to read as follows:

"At present overt aggression and, except in the cases of Viet Nam and Laos, militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area."

a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. U. S. Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the Free World will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part, this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And, in part, new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

b. Military. Because these countries do not have the capability of creating armed forces which could effectively resist large-scale external aggression, the United States will be required to provide a basic shield against Communist aggression. For the foreseeable future, local will to resist aggression will depend on a conviction in Southeast Asia that the United States will continue its support and will maintain striking forces adequate to counter aggression in Southeast Asia with the capabilities described in current basic national security policy. The combination of such U. S. forces and local will to resist would constitute the best deterrent against aggression. Should the deterrent fail, this combination would also provide the most effective insurance that, in conjunction with indigenous and allied forces, the United States could suppress aggression in the area quickly and in a manner and on a scale best calculated to avoid the hostilities broadening into general war.

c. Economic and Technical. The insistence, throughout most of the area, on economic development provides the strongest lever for the exertion of influence by the Free World or by the Communist bloc. Without increased external help from some source, most of the governments of the area will be unable, even with adequate indigenous effort, to manage the political demand for rapid betterment in the conditions of life and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist bloc. The general preference in Southeast Asia for Western technical and economic assistance gives the United States and the Free World an opportunity to obtain primacy over Communist efforts in key economic sectors. The outcome may, however, be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the existence of Southeast Asian export problems, particularly those involving rice. In the period ahead, flexibility of U. S. procedure and rapidity of U. S. action will be increasingly important, if effective advantage is to be taken of unexpected and transient opportunities.

5. The Problem of Regional Association. Over the long run, the small, vulnerable, and essentially dependent nations of Southeast Asia cannot exist satisfactorily as free nations without closer associations than now exist.

6. The Problem of Alignment. To preserve their independence, strengthen their internal stability and protect themselves against aggression, some countries in Southeast Asia prefer to join regional security arrangements. Some, however, prefer to avoid alignment with other nations. The basic objective of both groups is to maintain the independence of their countries free of outside interference or dictation, and the independence and vitality of both are important to the United States and to each other.

II. POLICY CONCLUSIONS

7. The national independence of the mainland Southeast Asian states is important to the security interests of the United States. If such independence is to be preserved, U. S. policies must seek to build sufficient strength in the area at least to identify aggression, suppress subversion, prevent Communist political and economic domination, and assist the non-Communist governments to consolidate their domestic positions. U. S. policy should not depend primarily on the degree and nature of Communist activity at any particular time, but should seek to promote these goals within the limits of the economic capacities of the countries concerned and U. S. resources available for the area.

8. Where a national determination to maintain independence and oppose external aggression is sufficiently manifest, the United States should be prepared to provide military assistance based upon the missions of the forces as indicated in the "Country Courses of Action" (Part V, below).

9. In the event of aggression against a Southeast Asian state willing to resist, the provisions of the UN Charter or the SEATO Treaty should be invoked, but the United States should not forgo necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

10. In the long run, the ability of the non-Communist governments to attain political, economic and social objectives will be the dominant factor in defeating the Communist attempts to dominate Southeast Asia. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote conditions of sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist bloc, and to give their peoples a greater stake in the continued independence of their countries.

11. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U. S. strategic objectives. Where new opportunities for affiliation develop they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U. S. interests even though they are not formally aligned with the United States. The United States should accordingly support and assist them so long as they remain determined to preserve their own independence and are actively pursuing policies to this end.

III. OBJECTIVES

12. To prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the Free World; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the Free World.

IV. REGIONAL COURSES OF ACTION*

13. Support and assist the countries of the area on the basis of their will and ability to defend and strengthen their independence.

14. Respect each country's choice of national policy for preserving its independence, but make every effort to demonstrate the advantages of greater cooperation and closer alignment with the Free World, as well as the dangers of alignment with the Communist bloc.

* The following courses of action are not applicable to the State of Singapore at this time: paragraph 13, 14, 16, 22-a, and 32.

15. Encourage the countries of Southeast Asia to cooperate closely with each other on a basis of mutual aid and support, and support indigenous efforts to develop regional associations so long as they do not weaken SEATO or the spirit of resistance to Communism.

16. Participate actively in SEATO, and seek to develop both its military and non-military aspects in a manner that will convincingly demonstrate the value of SEATO as a regional association, the usefulness of which extends beyond deterrence of Communist expansion. Encourage limited participation of non-Communist, non-SEATO Asian nations in certain SEATO activities.

17. Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression as well as to indigenous Communist insurrection, subversion, and propaganda.

18. Maintain, in the general area of the Far East, U. S. forces adequate to exert a deterrent influence against Communist aggression, in conformity with current basic national security policy.

19. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO Treaty, or both as applicable; and subject to local request for assistance take necessary military and any other action to assist any Mainland Southeast Asian state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

20. In case of an imminent or actual Communist attempt to seize control from within, and assuming some manifest local desire for U. S. assistance, take all feasible measures to thwart the attempt, (including even military action after appropriate Congressional action.)

21. As appropriate, assist the police forces in Southeast Asian countries to obtain training and equipment to detect and contain Communist activities.

22. In order to strengthen the non-Communist governments of the area and to help forestall their economic dependence on the Communist bloc:

Page 7, par. 22-a. Add the following to the end of the subparagraph:

"In the framing of U. S. aid programs to Southeast Asian countries take into account the economic and technical assistance being provided by other Free World nations and by international institutions, coordinating with such nations and institutions where appropriate."

a. Provide flexible economic and technical assistance as necessary to attain U. S. objectives.

b. Encourage measures to improve the climate for private investment, both domestic and foreign, and to mobilize the maximum investment of U. S. private capital in the area consistent with the prevailing climate.

c. Encourage United Nations agencies, other Colombo Plan countries, and other friendly countries to contribute available resources to promote the economic growth of Southeast Asia.

d. Encourage the Southeast Asian countries to orient their economies in the direction of the Free World and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development, and atomic development.

e. In carrying out programs involving disposal of U. S. agricultural surpluses abroad:

(1) Give particular attention to the economic vulnerabilities of the Southeast Asian countries and avoid, to the maximum extent practicable, detracting from the ability of these countries to market their own exportable produce.

(2) Give particular emphasis to the use of the resources to promote multilateral trade and economic development.

f. Promote as appropriate the expansion of trade relationships between the United States and the countries of Southeast Asia.

g. Take advantage of adverse local reactions to Communist barter agreements with countries in the area by demonstrating the advantages to these countries of conducting trade on a multilateral commercial basis.

23. Make a special, sustained effort to help educate an expanding number of technically competent, pro-Western civilian and military leaders, working bilaterally, through the United Nations, with the other Colombo Plan countries and with other friendly countries. Stress the development of potential and secondary leadership to support the thin stratum of elite now administering the central governments and bring to their support modern techniques and technology in public information and organization.

24. Place increased emphasis on community development projects, educational programs, and other activities aimed to influence the welfare and attitudes of the people at the village level.

25. Strengthen informational, cultural and educational activities, as appropriate, to foster increased alignment of the people with the Free World and to contribute to an understanding of Communist aims and techniques.

26. Hold or reduce the number of U. S. officials in each country to a strict minimum consistent with sound implementation of essential programs, in order to head off an adverse political reaction to the presence of a large number of Americans in relatively privileged positions.

27. Promote increasing Asian Buddhist contact with and knowledge of the Free World. Explore with friendly religious organizations ways of developing Buddhist fraternal associations and identification with Free World religious leaders and movements.

28. Continue activities designed to encourage the overseas Chinese communities in Southeast Asia (a) to organize and activate anti-Communist groups and activities within their own communities; (b) to resist the effects of parallel pro-Communist groups and activities; (c) generally, to increase their orientation toward their local governments and toward the Free World; and (d) consistent with their obligations and primary allegiance to their local governments, to extend sympathy and support to the Chinese National Government.

29. Discreetly encourage local governments to work toward assimilation of racial minorities.

30. Implement as appropriate covert operations designed to assist in the achievement of U. S. objectives in Southeast Asia.

31. Promote economic cooperation between the countries of the area and Japan and with the Government of the Republic of China, to the extent feasible without jeopardizing the achievement of U. S. objectives toward the individual Southeast Asian countries.

32. In order to promote increased cooperation in the area and to deny the general area of the Mekong River Basin

OFFICE OF JCS PROPOSAL

Page 8. Add new paragraph after paragraph 32, in Section IV (Regional Courses of Action).

Exercise caution to insure that the United States does not become so identified, either in fact or in the eyes of the world, with particular regimes, individuals or political factions in the countries of the area as to hinder U. S. accommodation to evolutionary changes in the political scene."

REASON: Initially, this paragraph was intended for insertion in the section on Cambodia as guidance for our dealings with Sihanouk. At the suggestion of State it now is proposed as regional guidance so as to be applicable to other countries of the area where we may develop similar problems.

The Communist influence or domination, assist as feasible in the development of the Mekong River Basin as a nucleus for general cooperation and mutual aid.

Page 9. Immediately following par. 32, add the following new paragraph:

"32. Should any country in the area cease to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence, terminate U. S. economic and military assistance programs to such nation."

39. Seek to increase Cambodia's respect for and confidence in the United States and the Free World in order to assist in maintaining Cambodia's independence and in curbing its tendency to increased orientation toward the Sino-Soviet Bloc. To this end demonstrate continued friendly U. S. support for Cambodia's independence, understanding of its policy of neutrality and concern for its economic and social progress.

40. In shaping particular courses of action in Cambodia, take into account the fact that Prince Sihanouk enjoys widespread popularity, particularly among the rural population, and controls all major sources of political power. Devote special efforts toward developing Sihanouk's understanding of U. S. policies and of the U. S. position in Southeast Asia, bearing in mind his extreme sensitivity to any suggestion of pressure or slight.

41. Since real or fancied threats from neighboring Free World countries have been a major factor contributing to Cambodia's sense of insecurity and its consequent readiness to accept Sino-Soviet Bloc support, endeavor persistently and firmly to improve Cambodia's relations with these countries, particularly Thailand and Viet Nam. Take every appropriate occasion to impress on the governments of neighboring countries the importance of repairing their relations with Cambodia

42. Seek means effectively to promote a sense of responsibility on the part of Sihanouk and other Cambodian leaders for exerting sustained effort to create conditions conducive to better relations with neighboring countries and for avoiding contentious and provocative statements. When feasible and consistent with over-all U. S. interests, take steps to prevent provocative actions by any of the countries concerned.

43. Encourage positive cooperation between Cambodia and neighboring countries such as joint participation in the development of the Lower Mekong River Basin as a nucleus for regional cooperation and mutual aid.

44. Continue to provide modest military aid to enable the Cambodian armed forces to maintain internal security against Communist subversion* and to discourage Cambodia from accepting substantial military aid from the Sino-Soviet Bloc.

* Treasury-Budget proposal.

45. Concentrate U. S. economic and technical assistance primarily in those areas in which increased Communist influence would entail the greatest threat to Cambodia's neutrality and independence.

46. In view of the relatively strong position still maintained by France in Cambodia, seek opportunities for greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

47. Provide military assistance for the development and support of Lao armed forces capable of maintaining internal security [against Communist subversion]* and providing limited initial resistance to external aggression by the Viet Minh [and Communist China]**. Encourage Laos to formulate and implement a broadly conceived security plan, including both internal and external security, which encompasses the services of all branches of the Royal Government, civil and military.

48. In the provision of U.S. assistance direct our programs to the promotion of social and economic progress and unification of Laos, thus helping maintain the confidence of the Royal Government in its anti-Communist, pro-Free World "neutrality".

49. Continue to promote conditions engendering confidence by Lao leaders that the UN Charter, SEATO, and Free World support provide a favorable basis for Lao resistance to Communist pressure and inducements, and at the same time continue to impress upon the Lao the need for a sense of responsibility and recognition that too drastic actions may have adverse international implications.

* Treasury-Budget Proposal.

** Treasury and Budget propose deletion.

49A. Encourage the Lao to observe constitutional and legal processes as providing the soundest basis for the growth and vitality of democratic institutions; discourage resort to force in political affairs.

49B. Encourage and support cooperation between Laos and other Southeast Asian countries, particularly Thailand, Viet-Nam, the Philippines, Malaya, and Burma, including such joint effort in the anti-subversion, economic, communications, and military fields as is feasible.

49C. Develop greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

49D. Strongly support an expanded UN presence and technical assistance in Laos, and make a special, intensified effort to encourage other friendly powers to provide assistance.*

* Treasury reserves on this paragraph.

52. Provide military assistance to Thailand for support of forces sufficient:

- a. To maintain internal security.
- b. To present limited initial resistance to external aggression.
- c. To make a modest contribution to collective defense of contiguous SEATO areas.

Continue efforts to persuade Thai officials to eliminate non-MAP supported forces which do not contribute to the above objectives.

53. Encourage and support close bonds between Thailand and Laos and between Thailand and Cambodia, including such political associations, economic cooperation, and joint military planning as will serve to draw Laos and Cambodia closer to the Free World without weakening Thailand's position with regard to the Free World.

VIET NAM

54. Assist Free Viet Nam to develop a strong, stable and constitutional government to enable Free Viet Nam to assert an increasingly attractive contrast to conditions in the present Communist zone.

55. Work toward the weakening of the Communists in North and South Viet Nam in order to bring about the eventual peaceful reunification of a free and independent Viet Nam under anti-Communist leadership.

56. Support the position of the Government of Free Viet Nam that all-Viet Nam elections may take place only after it is satisfied that genuinely free elections can be held throughout both zones of Viet Nam.

57. Assist Free Viet Nam to build up indigenous armed forces, including independent logistical and administrative services, which will be capable of assuring internal security and of providing limited initial resistance to attack by the Viet Minh.

58. Encourage Vietnamese military planning for defense against external aggression along lines consistent with U. S. planning concepts based upon approved U. S. policy, and discreetly manifest in other ways U. S. interest in

assisting Free Viet Nam, in accordance with the SEATO Treaty, to defend itself against external aggression.

VIET NAM

Page 12, par. 54. Add the following to the end of the paragraph:

"In this regard encourage and assist public relations and public information programs of the government of Viet Nam directed both internally to the free Vietnamese and externally to north Viet Nam. In this effort priority should be given to areas of greatest dissidence, particularly in the extreme south."*

Page 12 par. 57. Add the following to the end of the paragraph.

"Also encourage and assist elements of the Army of Viet Nam to establish and utilize specific anti-subversive guerrilla formations and operations. In the anti-guerrilla campaign encourage the government of Viet Nam to use the Vietnamese Army in a way which will help ~~with~~ ^{WIN} the favor of the local populace in order to obtain its support for their campaigns, particularly for intelligence purposes."*

* CIA proposal.

Page 13. Immediately following par. 58, add the following new paragraph.

"53A. Encourage and support an improvement in relations between Viet Nam and Cambodia."

VI. SUPPLEMENTARY STATEMENT OF POLICY
on
THE SPECIAL SITUATION IN NORTH VIET NAM

73. Treat the Viet Minh as not constituting a legitimate government, and discourage other non-Communist states from developing or maintaining relations with the Viet Minh regime.

74. Prevent the Viet Minh from expanding their political influence and territorial control in Free Viet Nam and Southeast Asia.

75. Deter the Viet Minh from attacking or subverting Free Viet Nam or Laos.

76. Probe weaknesses of the Viet Minh and exploit them internally and internationally whenever possible.

77. Exploit nationalist sentiment within North Viet Nam as a means of weakening and disrupting Sino-Soviet domination.

78. Assist the Government of Viet Nam to undertake programs of political, economic and psychological warfare against Viet Minh Communists.

79. Apply, as necessary to achieve U. S. objectives, restrictions on U. S. exports and shipping and on foreign assets similar to those already in effect for Communist China and North Korea.

OPERATIONS COORDINATING BOARD
Washington 25, D. C.

May 28, 1958

REPORT ON SOUTHEAST ASIA (NSC 5612/1)

(Approved by the President September 6, 1956)

(Period Covered: From November 6, 1957 through May 28, 1958)

(NSC 5612/1 was revised on April 2
and issued as NSC 5809.)

I. REGIONAL

A. SUMMARY EVALUATION

1. General. Burma and Cambodia showed a more friendly attitude toward the United States and the Free World, and Cambodian leaders made some attempt to control communist subversion. Thailand's new regime re-invigorated the pro-SEATO, anti-communist policies of its predecessors, and Viet-Nam maintained close relationship with the United States.

On the other hand, as the price for regaining control of the two provinces previously dominated by the Pathet Lao, the Lao Government accepted two Pathet Lao leaders in the National Cabinet and assimilated some Pathet Lao troops into the Royal Lao Army. The conservative governing coalition in newly-independent Malaya suffered some political setbacks. The communist-supported leftist party did very well in Singapore municipal elections in contrast to the poor showing of moderate and conservative political parties.

The short-run economic outlook in Southeast Asia is somewhat clouded by declining foreign exchange reserves and prospects for lower export earnings resulting from poorer rice crops and lower prices for other export commodities. In the long-run better prospects exist, assuming favorable political developments, because of: (a) the wealth of human, agricultural and raw materials resources of the area and (b) the developing power, communications, irrigation and other basic facilities supported by external financial assistance.

2. SEATO. Satisfactory progress continued at the operational level in military and civil aspects; however, the Asian members still seek an expansion of economic activities. Atomic-capable weapons were

successfully introduced without adverse psychological reaction in the recent "Phiblink" exercise, and a number of military exercises have been scheduled and approved for the coming year. Standardization of equipment is being accomplished between military forces of member nations which will lead to a reduction of the technical obstacles to fuller cooperation in mutual defense. There were significant administrative improvements; political consultation in meetings of the Council Representatives improved in quality and content; and a successful counter-subversion seminar was held in Baguio; and a cultural round table, attended by some non-member governments, was held in Bangkok. In addition, the United States has committed \$2 million for skilled labor training and agreed in principle to assist Thailand in the SEATO context to develop university engineering facilities.

What is generally considered to have been the most successful Council meeting to date was held in Manila in March. Among other things, the Council at that time authorized the Secretary General to enter into limited contact with other regional defense organizations and agreed to a proposal that contact with non-member states be continued and expanded in the coming year.

3. Mekong River Development The four-power Coordinating Committee established by Thailand, Laos, Cambodia and Viet-Nam to plan the development of the Mekong River basin agreed to set up a system for the cooperative collection of basic data on the river basin. In line with our regional objectives the U. S. offered at the time of the recent ECAFE meeting at Kuala Lumpur to contribute a total of \$2 million to establishment of this system. The offer, which was accepted by the four riparian countries, produced a favorable impact in the ECAFE area. The U. S. contribution, together with funds offered by the UN and other friendly governments, is sufficient to finance the costs for approximately the first year of the development plan--\$2.5 million--recommended by the Wheeler survey mission.

4. No review of policy is recommended.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

5. Obstacles to Regional Cooperation. At present more factors obstruct the development of regional cooperation in Asia than facilitate it. The most important ones are nationalistic preoccupation with domestic

affairs, political antagonisms and suspicions, and the general lack of complementary economies.

While four riparian states are now agreed on the collection of basic data regarding the Lower Mekong River Basin, difficulties will probably arise if the time comes to determine means of developing and utilizing power, irrigation, and navigation facilities.

The Regional Telecommunications Project has fallen far behind schedule chiefly because of problems with the engineering contractor. A top-level advisor has completed an evaluation of the fundamental plan of the contractor in an attempt to expedite the project.

6. Slow Economic Development. Economic development in the area is slow because of a shortage of both public and private capital, and limited basic facilities such as power, communications, and transportation, as well as the limited number of trained, skilled personnel. The resistance of many Southeast Asia countries to measures which might encourage or assist overseas Chinese and other minority groups, also retards economic and business development. The fall of prices for the basic export commodities of the area, with resultant government revenue losses, may slow economic development.

It has been difficult to find appropriate means of encouraging Free World industrial countries to contribute to the economic development of Southeast Asia. In the case of Japan, at present Asia's only important industrial country, it is difficult to determine the extent to which the U.S. should encourage Japanese economic development activity in Southeast Asia. While Japanese proposals of June 1957 for Asian regional financial institutions, to be funded largely by the U.S. and joined by other non-regional participants, were not found practicable by the U.S., the U.S. continues to recognize the desirability of close economic ties between Japan and Southeast Asia, and has offered to cooperate with Japan and interested Southeast Asia countries on a case-by-case basis.

7. Public Attitudes. Efforts to encourage favorable public attitudes in the area toward collective security pacts and toward the U.S. and the Free World in general continue to face important obstacles, including: (1) demonstrated growth of Sino-Soviet scientific, military, and economic power; (2) Asian fear of involvement in nuclear warfare; (3) the appeal of communist coexistence propaganda; (4) increasing public interest in domestic, economic, financial and social problems; (5) doubt that participating in collective defense measures offers more benefits and less disadvantages than neutrality; and (6) national sensitivity which

continues in most Southeast Asia countries regarding the presence of large numbers of U.S., British and French citizens.

8. SEATO. SEATO has a continuing problem in popularizing the organization within Asian member countries as well as in the general treaty area. It is essential that this problem be solved if the leaders of Asian member countries are to succeed in countering domestic criticism of SEATO membership; and if SEATO is to attract new members (notably Malaya). From the position taken by representatives of the Asian members in various SEATO forums, it is clear that they consider membership in SEATO should enable them to obtain preferential treatment in the allocation of economic assistance.

9. Sino-Soviet Bloc Economic and Psychological Inroads. A combination of fairly widespread acceptance of communist coexistence propaganda, a desire to profit from communist "largess" and conviction that communist infiltration is controllable, facilitates communist efforts to promote acceptance of their economic aid programs. In addition, although bloc aid has boomeranged psychologically in certain instances, notably in Burma and less so in Cambodia, the resistance to bloc aid is reduced by its reputation for "speed", "easy terms" and the apparent absence of "strings". In some instances, U.S. assistance, because of premature commitments or assurances of aid on the one hand and subsequent delays, apparent inflexibility and conspicuous checks and control procedures on the other, suffers by comparison in these respects. The high political impact of communist aid projects emphasizes the importance of continuing efforts to maximize the effectiveness of U.S. aid programs.

While Burma and Cambodia continue to be the chief beneficiaries of bloc aid, a general offer of assistance to the underdeveloped Asian countries was made by the Soviet delegate at recent ECAFE meetings in Bangkok and Kuala Lumpur. Also, in addition to credits of up to five years for the purchase of machinery and equipment, the USSR announced it would consider long-term agreements for the purchase of basic exports. The USSR has offered a trade agreement to Thailand.

Burma has indicated its intention to use Soviet assistance in the priority construction of a technological institute, a hotel and a hospital. The number of Soviet technicians in Burma is soon expected to increase greatly. Communist China's assistance to Burma was extended in the form of an agreement with Burma for a \$4.2 million loan. Burma continues to be receptive to bloc assistance but is revising its barter agreements with bloc countries to trade on a permissive and cash basis.

So far Cambodia has received approximately one-quarter of a programmed \$22.4 million grant from Communist China and seems satisfied with the program, which has received favorable publicity. New buildings for the Cambodian National Parliament will be included in this program. The Chinese Communists have also offered one million riels (\$28,571 at official rate of 35 to 1) to construct a modern building for a 20 kilowatt radio transmitter donated by the Chinese.

Thailand has not yet accepted a Soviet offer of a "cobalt bomb" for hospital use.

10. Economic Aid Program Delays. Much political and psychological credit as well as operational economy and efficiency continue to be lost because of premature commitments and assurances of aid on the one hand and the inordinate time required for formulation and implementation of our economic and technical assistance programs on the other. Recipient countries continue to complain of delays. This raises serious problems with respect not only to the assistance programs, but to U.S. relations in the area. In addition, particularly in uncommitted countries, it also materially reduced the attractiveness of U.S. aid as compared with communist bloc aid.

Commitments for physical construction are frequently made before reconnaissance, engineering and cost estimates are available.

In view of the impact of premature commitments and assurances of aid, and aid program delays on U.S. relations in the area and on the ability of the U.S. to meet the economic challenge of the communist bloc, increased emphasis will be given to a concentrated, coordinated attack to eliminate these difficulties. State and ICA are giving urgent consideration to these problems with a view to reconciling the limitations imposed on our aid programs by statute, by Congressional relations factors and by normal administrative requirements on the one hand, with the need for obtaining an optimum mixture of economic, political and psychological benefits on the other.

11. Efforts to Lessen Demands Upon U.S. Resources and Upon Local Economies (NSC Action No. 1599-e). Under this requirement the Department of State in consultation with the Department of Defense was to explore the possibility of arranging conferences with the nations in the SEATO area to achieve agreements as to future U.S. aid programs which will be more moderate in their demands upon U.S. resources and the local economies. Under present circumstances, this objective has not been accomplished.

II. BURMA

A. SUMMARY EVALUATION

12. There has been a significant, if modest improvement in the position of the U.S. in Burma and in the attitudes and actions of the Burmese Government as they bear on U.S. objectives. However, the Soviet Union and Communist China have been able to continue their economic activities in Burma, even though, domestically, both communism and Marxist ideology have received a sharp setback. On January 29 Prime Minister Nu, with unanimous approval of the Anti-Fascist Peoples Freedom League (AFPFL) Executive Committee, announced the Government Party's complete disavowal of Marxism as its guiding political philosophy.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

13. General. We necessarily attempt to accommodate our assistance programs to the political sensitivities and the technical deficiencies of the Burmese Government. However, difficulties in coping with Burmese attitudes, which often fail to take account of MSP legislation and ICA procedures, result in protracted and continual delays. While these disagreements thus far have been reconciled amicably, the consequent delays inevitably tend to vitiate the favorable results we hope to derive from assistance programs.

As a result there may be unfortunate contrast between our seeming rigidity and the apparent flexibility of the communist bloc in its economic and technical aid programs.

14. PL 480 Sales. The signing of a new PL 480 Sales Agreement with Burma has been delayed by Burmese Government requests for special treatment which though not inconsistent with the law required repeated exceptions to established policies. The fact that the Burmese Government is aware that substantial concessions have been made in the PL 480 agreements with other countries, particularly Poland, has complicated these negotiations. Final agreement appears to be at hand.

15. Development Assistance. An approach by the Burmese for a new Development Assistance Loan in the amount of \$75 million is anticipated. Difficulties in developing projects on an acceptable basis under the present \$25 million loan portend inevitable difficulties in the use of the DLF for financing future Burmese projects.

16. Military Assistance Program. A delay which must appear to the Burmese as inordinate has taken place in the Washington formulation of a specific offer with regard to the magnitude and terms of the military assistance which we are committed in principle to make available to the Burmese. Legal difficulties encountered here have now been resolved and Embassy Rangoon has been supplied with negotiating instructions.

17. Police Assistance Program. Although negotiations on the \$10 million police program loan are still going on, the program has begun. A way was found for initiating the program promptly by providing temporary draw-down against the existing line of credit for the period required to negotiate and conclude an effective agreement. The Burmese appear satisfied that the U.S. is demonstrating a timely interest. A survey of requirements has been completed and procurement of equipment is under way.

18. U. Kyaw Nyein Visit. Plans are being drawn up for a visit to the United States by Deputy Prime Minister U. Kyaw Nyein in the late summer or fall of 1958. Our inability to provide official "red carpet" treatment to U. Kyaw Nyein, who has been lavishly entertained in the USSR and Communist China, is being at least partially overcome by supplemental assistance from the Asia Foundation.

III. CAMBODIA

A. SUMMARY EVALUATION

19. As a result of sustained efforts of the communist bloc to consolidate advantages it gained in Cambodia in 1956, the internal security situation has clearly deteriorated. However, there has been evidence recently that Prince Sihanouk and other Cambodian leaders are increasingly aware of the potential dangers of communist activities, and some steps have been taken to control subversion. In the short run, the situation in Cambodia is not alarming, since the population as a whole remains strongly Buddhist, loyal to the monarchy and united under the leadership of Prince Sihanouk, and it has not yet been heavily subjected to communist influence. In the long run, there is greater danger that the extension of communist influence may overcome such countermeasures as the Cambodians may be prepared and able to take.

There has been a reduction in pro-communist sentiment within the Chinese community in Cambodia, largely because of the Cambodian Government's action in the internal security field.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

20. Cambodian Neutrality.

a. Cambodia's neutrality inhibits it from taking a strong stand in favor of the Free World, and together with the long-standing animosity between Cambodia and its neighbors, prevents close association with them in regional organizations.

b. Cambodian neutrality also limits the opportunities for the United States to work closely with the Cambodian Government. It is difficult to take measures to encourage Cambodia to meet the dangers of internal communist subversion without at the same time seeming to contravene Cambodian neutrality. We should encourage the Cambodians to orient their policy in a direction more favorable to the West but any evidence of undue pressure on our part to change the basic policy of neutrality could easily cause Cambodia to abandon its new firmer posture toward communism.

21. Internal Security. In spite of increasing awareness of the magnitude of the communist effort in Cambodia, Cambodian leaders have taken far too few steps to counteract such influence. Implementation of the police training program has progressed satisfactorily, but unification of all Cambodian police services has yet to take place and implementation of an agreed action program is hampered by administrative ineffectiveness.

22. Developments Relating to Operating Problems. It is possible that the Cambodian developments of the past few weeks, which indicate a new awareness of the communist threat and a determination to oppose it, may require that consideration be given to revision of certain paragraphs in NSC 5809 relating to Cambodia. In particular, paragraph 39, implying a continuing drift toward pro-communist neutrality, and paragraph 41, implying that Cambodia might cease to demonstrate a will to resist internal communist subversion, may need to be replaced by paragraphs calling for U.S. action to promote increased awareness of the danger of subversion and to provide means to combat that danger, as well as U.S. economic aid in which continued stress should be put upon specific technical assistance.

23. Government Administration Weaknesses. One of Cambodia's most urgent needs is for effective civil administration. The ICA program is attempting to strengthen the most important public services: education, agriculture, health and transportation. In 1957 the government requested U.S. advisory assistance to improve its budget operations, tax administration, and customs collections. One advisor has been recruited; two advisors remain to be recruited.

IV. LAOS

A. SUMMARY EVALUATION

24. The formation in November, 1957, of a coalition cabinet with Communist Pathet Lao participation, additional communist gains of places in army and civil service, and permission for the Pathet Lao to operate as a legal political party throughout the country were generally considered a setback for U.S. objectives. On the positive side the Royal Lao Government has gained substantial control of Sam Neua and Phong Saly and the Royal Lao Army now occupies the frontier posts bordering on China and north Viet-Nam. U.S. policy was reevaluated, following the Lao Government-Pathet Lao settlement, taking into account the Prime Minister's declaration in January that the Lao Government was determined to tolerate no subversion and his request for U.S. assistance, particularly for the purpose of winning the crucial May elections. It was decided to continue U.S. aid as before, but with the clear understanding that provision of such aid depended upon future Lao performance. Our effort has therefore shifted from the negative one of attempting to prevent disastrous concessions to the Pathet Lao to the positive one of helping the Lao Government carry out the settlement already reached, with a minimum of damage to the Free World position. In this connection, the U.S. carried out an impact program of material and administrative assistance. Solution of the exchange rate problem through monetary reform has been deferred until after the recent supplementary elections, new cash transfers of aid dollars meanwhile being placed in an account blocked by action of the Lao Government until agreement on monetary reform is reached with the U.S. Government.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

25. Pathet Lao. Inasmuch as the Pathet Lao have apparently chosen to concentrate on political means to achieve their ends, the integration and demobilization of Pathet Lao forces have taken place relatively smoothly and the Lao National Army has moved into the two former Pathet Lao provinces. The Pathet Lao made an all-out effort in the May 4 nationwide election campaign for 21 National Assembly seats, utilizing well-organized grass-roots cells and demobilized Pathet Lao soldiers as propaganda agents. Firm final results have not yet been announced but it may safely be assumed that the communists (Neo Lao Hak Xat) have won 9 seats and the Neutralists (Santiphab) have won 4 out of 21 seats at issue in the elections. Since there are 8 leftists in the National Assembly already, a leftist coalition could possibly control about one-third of the seats in the new enlarged Assembly (as many as 21 out of 59 seats). Although Lao officials claim that the strong showing of communist candidates

does not indicate a choice of communism by the Lao electorate but simply a protest vote against war and corruption and in favor of peace, neutrality and new faces, it is clear that the Neo Lao Hak Xat has emerged as a well-organized and disciplined legal political party whose aim is to establish communist control of Laos, probably by parliamentary means.

The conservative leaders have been badly shaken by the communists show of strength which resulted largely from conservative failure to agree on a minimum consolidated list of candidates. Available figures indicate that conservative candidates received a clear majority of the popular vote but that conservatives got only a minority of the seats at stake. It is possible for the conservatives, if given a little organization and discipline, and reasonably effective leadership, to form an all-conservative government. They have a majority of the enlarged Assembly and they possess the psychological advantage of having received a popular majority in the elections. We are now considering various possibilities relating to a re-appraisal of our effort in Laos.

26. Monetary Reform. Negotiations to achieve a single realistic rate of exchange without trade and exchange restrictions were pursued first in Vientiane and later in Washington during and after the Lao Prime Minister's visit. Because the U.S. could not guarantee that immediate devaluation would not jeopardize conservative chances in the elections, as unanimously contended by Lao leaders, the U.S. agreed that monetary reform should not take place until some time after the recent supplementary elections. The U.S. insisted, however, that new releases of aid dollars be placed in a segregated escrow account pending devaluation and assurances that the ultimate kip value would eventually be deposited into the counterpart fund. The U.S. declined to effect further dollar transfer (project aid was not suspended) owing to the Lao Government's reluctance to accept lenient escrow arrangements offered. Scandalous import licensing was stopped when negotiations led to acceptance by the Lao Government of new procedures proposed by the U.S. There have been no abuses since. The Lao Government proposed that U.S. aid dollars henceforth be placed in a segregated account in the Lao National Bank and not be used until agreement is reached between the U.S. and Laos on such matters. The U.S. agreed that this device would be acceptable until negotiations are reopened in June in the hope that this would accomplish U.S. objectives and also permit the Lao to save face.

27. Lao National Army Training. Because the French Military Mission is so reduced in strength and quality that it is unable to fulfill its responsibilities, the Lao National Army is not receiving proper training, resulting in deterioration of its capabilities and increasing lack of

discipline. Furthermore, French assessment of the nature and magnitude of the communist threat posed against U.S. objectives through the Neo Lao Hak Kat (ex-Païhet Lao) make it questionable whether or not French military advice and training of the Lao National Army will serve our best interests. We are now studying the practicability of a new approach to the French Government to bring French policy in Laos into agreement with our own and British views on the nature of the communist threat and to induce a more cooperative attitude on the part of the French representatives in Vientiane. At the same time a U.S. MAAG cannot be established because of the present desire of the U.S. to respect the Geneva Agreement prohibition against the introduction of foreign military personnel. This means that U.S. financial and material assistance to the Lao Army is not used to maximum advantage for Laos and the U.S. As an interim solution, consideration is being given to furnishing Filipino civilian trainers to the Lao Army with PEO (Civilian MAAG) assistance. Representations to the French concerning their training responsibilities appear to be an urgent necessity.

V. FEDERATION OF MALAYA

A. SUMMARY EVALUATION

28. The government has shown continued determination to fight communist terrorism and subversion, and has succeeded in maintaining a strong, stable administration and a considerable degree of inter-racial harmony. However, recent local election returns indicate some weakening of support for this basically pro-Western government as underlying racial tensions manifest themselves in a drift toward socialist and ultra-nationalist opposition parties. This deterioration of the government's political strength, particularly among Chinese and Indian voters supporting neutralist-oriented parties favoring recognition of Communist China and the Malay Communist Party, could neutralize the progress made in achieving U.S. objectives in Malaya.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

29. Requests for Economic Assistance. As of April 30 a total of \$19 million in applications had been received by the DLF from the Federation Government. Of the two projects submitted, one is under serious consideration, the deep-water port facilities project for \$10.9 million; the other, a teaching hospital, has been rejected.

support are likely to result in proposals for new aid projects. The IBRD team and ICA advisors are assisting the Thai in planning the best utilization of their own resources.

VIII. VIET-NAM

A. SUMMARY EVALUATION

40. In general we are achieving U. S. objectives in Viet-Nam. Relations between Viet-Nam and the Government of the Republic of China are improving since the Chinese community in Viet-Nam has accommodated itself to Vietnamese legislation concerning citizenship and certain key occupations.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

41. Viet-Nam's Continued Dependence on Foreign Aid. In spite of some evidence of greater economic stability, Viet-Nam continues to depend on foreign aid, the largest part of which goes to support the military establishment. U. S. aid still accounts for approximately 85 percent of imports and two-thirds of the budgetary revenues. Some improvement in the investment climate occurred with the exchange of notes between the United States and Viet-Nam effecting an Investment Guaranty Agreement and with acceptance of the U. S. view that that portion of International Development Corporation capital financed by the U. S. would be available to aid private enterprise only. However, economic nationalism and excessive government intervention continue to discourage private foreign and domestic investment. Moreover, it is likely the Government of Viet-Nam will continue to insist that certain larger industrial projects be government-controlled, at least in their early years of operations.

42. Political and Security Problems of the Diem Government. President Ngo Dinh Diem's policy of strict control in the political and economic fields has caused a certain amount of internal dissatisfaction. Should the President's exercise of personal authority develop too far there may be danger that the resultant frustration of government officials might weaken the united support for his regime which the situation requires. Likewise, the President's stern police measures and his emphasis on internal security have led to some criticism of the government. This emphasis on internal security stems from the recent emergence of the country, the continuation of communist-inspired violence and subversion, and such incidents as the assassination of local officials in rural areas of southern Viet-Nam.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA

(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)

VIETNAM

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 4/58...)
		Est. Through 12/57	Est. Total	
Military Assistance (see footnotes a/ and b/)	112	22	50	43
Economic Assistance	249.5	105.0	199.3	191.0
Technical Assistance	1.8	1.1	2.3	3.9
Information Services	2.1	1.2*	1.6	1.5
Educational Exchange	.08		.12	.16
Total	365.48	130.1	252.32	239.56
*Ext. through 3/31/58.				
MAP Sales of Military Equipment & Services				
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)			.1	
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.)				

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment

All Notes and Comments relating to the above figures are shown on a separate page

VIETNAM
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In Millions of Dollars)

	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
<u>Military Assistance</u> <u>a/ b/</u>			
Prior to FY 1957	289	174	115
FY 1957	75	112	78
FY 1958 (est.)	57	50	85
FY 1959 (est.)	37	43	79

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	522.1	321.2	200.9
FY 1957	253.9	249.5	205.3
FY 1958 (est.)	175.0	199.3	181.0
FY 1959 (est.)	190.0	191.0	180.0

Technical Cooperation

Prior to FY 1957	3.5	0.7	2.8
FY 1957	4.4	1.8	5.4
FY 1958 (est.)	4.2	2.3	7.3
FY 1959 (est.)	4.5	3.9	7.9

a/ Includes value of all grant military assistance, whether on a country, regional or worldwide basis, with the exception of the value of excess stocks. (In the MAP programming process, country programs include materiel and equipment, training and dollar costs of consumables and construction. Regional or worldwide programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons, as appropriate)

b/ Excludes \$31 million programmed from stocks excess to U. S. Service or other MAP requirements for FY 1950-59, of which \$9 million was delivered prior to FY 1957 and \$22 million is estimated to be delivered during FY 1957-59.

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

COPY NO. 32

January 5, 1959

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: "Not Pursuit" and Pursuit Under the Doctrine
of Self-Preservation

REFERENCES: A. NSC 5604
B. NSC 5429/5, Par. 5-g

The enclosed draft editorial amendments of paragraph 5-g of NSC 5429/5, "Current U. S. Policy Toward the Far East," and of paragraphs 1. and 2.-a of NSC 5604, "U. S. Action in the Event of Unprovoked Communist Attack Against U. S. Aircraft," submitted by the NSC Planning Board on the basis of recommendations by a committee of the legal officers of interested departments and agencies, are transmitted herewith for consideration by the National Security Council.

The report by the committee of legal officers and a JCS study on the subject are also enclosed for the information of the Council.

The enclosed draft editorial amendments are not intended to make a substantive change in U. S. policies stated in NSC 5429/5 and NSC 5604; but are designed to eliminate an ambiguity which arises from the fact, as pointed out in the enclosed committee report, that the term "not pursuit" has a traditional, doctrinal meaning in international law more restrictive than the meaning obviously intended in NSC 5429/5 and NSC 5604, and that the term may also be used in a non-legal context with regard to activities and situations other than those envisaged by the original doctrine of international law.

It is requested that each member of the National Security Council, the Secretary of the Treasury, the Attorney General, and the Director, Bureau of the Budget, indicate his action with respect to the enclosed draft amendments by completing and returning the enclosed memorandum form.*

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

* Memorandum form not enclosed with this copy.

DRAFT EDITORIAL AMENDMENTS
of NSC 5429/5 and
NSC 5604

Revise par. 5-g (1) of NSC 5429/5 as follows:

(1) Issue a directive to its armed forces that, in the event of unprovoked Communist armed attack against U. S. military or non-military personnel, aircraft, or vessels outside Communist territory, U. S. forces in the area will take against the Communist attacking force during the course of the attack immediate and aggressive protective measures, including if necessary and feasible hot immediate pursuit of the Communist attacking force into hostile airspace or waters.

Revise Pars. 1 and 2-a of NSC 5604 as follows:

1. Subject to paragraphs 2 and 3 below, in the event of unprovoked Communist armed attack against U. S. aircraft outside Communist territory, those U. S. aircraft attacked or located in the immediate area of the attack may take against the Communist attacking force during the course of the attack immediate and aggressive protective measures, including if necessary and feasible "hot-pursuit" immediate pursuit of the Communist attacking force into hostile air space.

2. . . .

a. "Hot-pursuit" Such pursuit will not include prolonged pursuit deep into hostile air space.

COPY

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
Washington 25, D. C.

December 2, 1958

MEMORANDUM FOR MR. HAYDN WILLIAMS
DEPUTY ASSISTANT SECRETARY - ISA

SUBJECT: "Hot Pursuit" and Pursuit Under the Doctrine of
Self-Preservation

Pursuant to the recommendations of the NSC Planning Board communicated to me by your memorandum of 5 November 1958, a meeting under the chairmanship of the Assistant General Counsel for International Affairs (Mr. Monroe Leigh) was held on Wednesday, November 19, 1958, to discuss a study of the above subject submitted to the Board by the Acting JCS Adviser.

The meeting was attended by representatives of the legal offices of the Departments of Treasury, Justice, Defense, Navy and the Office of Civil and Defense Mobilization. The Department of State was not represented, but since the meeting the matter has been taken up with the Legal Adviser's office of that agency and it is in agreement with the course of action recommended by the others and summarized below.

It was agreed that, as pointed out in the JCS study under consideration, the term "Hot Pursuit" has a traditional, doctrinal meaning in international law which is more restrictive than the meaning obviously intended in the two NSC papers. There was also agreement that the term may also be used in a non-legal context with regard to activities and situations other than those directly envisaged by the original doctrine of international law. This variety of usage has caused a certain amount of confusion regarding the true meaning of the term "Hot Pursuit", and, insofar as it describes a particular principle of international law, confusion as to its relationship to other principles, especially the doctrine of self-defense or self-preservation.

It was further agreed that the term "Hot Pursuit" as employed in NSC 5429/5, paragraph 5-g, and NSC 5604 must be regarded as merely descriptive of the policy established by those papers rather than the legal justification for such policy. The international law doctrine of "Hot Pursuit" cannot, alone, be relied on to justify the action required and reliance on that legal doctrine would not appear to be essential to the purpose of the documents. Because of these considerations, and because the development of a certain amount of confusion between the non-legal descriptive qualities and the juridical implications of the term "Hot Pursuit" cannot be avoided, it was felt that its usage in the NSC papers under discussion is undesirable. At least one representative (Navy) indicated that his service had experienced certain operational difficulties in preparing for implementing NSC policy, simply because Navy personnel are accustomed to using the term "Hot Pursuit" in strict international law sense.

The meeting considered whether it would be advisable to adopt the term "Defensive Pursuit" in lieu of "Hot Pursuit", as suggested in the JCS paper. This solution, however, was objected to on the ground that it would amount to the creation of a new term of art in international law and that furthermore it was, on its face, somewhat misleading. It was apparent that agreement could not be readily obtained among the lawyers in the Government on the coining of this new term.

In view of the foregoing, it was the consensus of the meeting that confusion could best be avoided by eliminating altogether the use of legal terminology in describing the policy set forth in the two NSC papers. In other words, no terms of art were necessary to describe the policy obviously intended. Moreover, it was the unanimous view of the meeting that the legal terminology could be eliminated from the two NSC papers in question without any change whatever in the substantive meaning of these papers. Accordingly, it was agreed to recommend that the ambiguous words "Hot Pursuit" be stricken from NSC 5429/5 (paragraph 5-g) and NSC 5604 and that in their place should be substituted the words "Immediate Pursuit" which have no specialized connotations in law.

Thus, NSC 5429/5, paragraph 5-g, should be redrafted to read as follows:

(1) Issue a directive to its armed forces that, in the event of unprovoked Communist armed attack against U. S. military or non-military personnel, aircraft, or vessels outside Communist territory, U. S. forces in the area will take against the Communist attacking force during the course of the attack immediate and aggressive protective measures, including if necessary and possible not immediate pursuit of the Communist attacking force into hostile airspace or waters.

(2) In addition to the action directed in (1) above, and as constitutionally authorized and specifically approved by the President, take such additional punitive action as may be necessary and appropriate.

Paragraphs 1 and 2-a of NSC 5604 should be redrafted to read as follows:

1. Subject to paragraphs 2 and 3 below, in the event of unprovoked Communist armed attack against U. S. aircraft outside Communist territory, those U. S. aircraft attacked or located in the immediate area of the attack may take against the Communist attacking force during the course of the attack [immediate and] aggressive protective measures, including if necessary and feasible ["hot pursuit"] immediate pursuit of the Communist attacking force into hostile air space.

2. . . .

a. ["Hot pursuit"] Such pursuit will not include prolonged pursuit deep into hostile air space.

It should be emphasized that these changes in language are in no way intended to alter or modify the policy expressed in NSC 5429/5, paragraph 5-g, and NSC 5604.

/s/ Robert Dechert
General Counsel

October 23, 1933

JCS STUDY
on
HOT PURSUIT AND PURSUIT UNDER DOCTRINE OF
SELF-PRESERVATION

1. The term "hot pursuit" has been used in various joint and service papers, as well as by Commanders in the field, in connection with the protective measures United States military forces are authorized to take in self-defense. The term has also been used with reference to its special meaning under international law. The purpose of this paper is to clarify the concepts involved with a view to eliminating some of the confusion which has arisen from the interchangeable use of the term.

2. The term "hot pursuit" has a well-established and special meaning in international law. It is recognized as the right of a coastal State to pursue COMMERCIAL vessels of a foreign State suspected of violating the laws or regulations of the coastal State applicable to its territorial sea or contiguous zone. Basically, it is a peacetime concept not connected with hostilities or the threat of hostilities by the military forces of a State. Pursuit under this doctrine does not include the right to pursue warships or military aircraft, or for that matter any type of aircraft. In addition, under custom and practice, hot pursuit may be undertaken only under certain limited conditions. For example, the pursued vessel or one of its boats must be within the territorial sea or contiguous zone of the coastal State before pursuit can begin. Once the pursued ship enters the territorial waters of its flag state or a third state, the right of hot pursuit ends. Although hot pursuit may be undertaken for a violation of any law or regulation enacted pursuant to the sovereign authority of the coastal State when the violation occurs within internal waters or the territorial sea, it can be undertaken for a violation of only those laws covering customs, fiscal, immigration, or sanitary matters when the violation occurs within the contiguous zone.

3. In marked contrast, the right of pursuit under the doctrine of self-preservation or self-defense is a much broader concept, not dependent on the territorial sea or contiguous zone. International law recognizes the right of a State to take whatever measures are necessary for its self-defense. A unit of the armed forces of the United States in time of peace may repel or resist any hostile act committed or threatened against it by foreign vessels or aircraft. The right to repel and resist includes "the right of pursuit" where considered feasible and necessary to ensure the safety of threatened forces or territory. In this connection, a hostile act has been defined in various instructions as "any act which involves a clear and present danger to the security of the United States or its forces, territory, possessions, or territory under the United States administration." Some examples of what may constitute hostile acts are:

a. Military craft release bombs, launch missiles, or fire guns, rockets, torpedoes, or other weapons at any waterborne, air, or ground target other than recognized weapons ranges, and

b. Overt and covert actions by naval or air forces that place in jeopardy craft, installations, or personnel of the United States.

As to the "right of pursuit" incident to repelling a hostile act, instructions provide that craft or subversive units of a State committing hostile acts which are sporadic, isolated or small scale in nature should be counterattacked immediately by authorized means available to the extent necessary to effect control of the situation or the hostile craft. This includes pursuit as feasible and necessary to ensure the safety of United States forces or territory. Instructions also provide that United States forces shall not conduct prolonged pursuit deep into hostile areas or neutral territory, nor shall they deliberately and systematically organize and dispatch a pursuit force to effect reprisal. As is readily apparent, there exists a clear distinction between this concept and the concept discussed in paragraph 2.

4. In view of the above and in order to minimize confusion, the term "hot pursuit" should be reserved to express the precise circumstances as visualized under its recognized meaning in international law. The term "defensive pursuit" should be used in connection with the right of pursuit under the doctrine of self-preservation.

OPERATIONS COORDINATING BOARD

Washington 25, D. C.

January 7, 1959

REPORT ON SOUTHEAST ASIA (NSC 5809)

(Approved by the President, April 2, 1958)

(Period Covered: From May 28, 1958 through January 7, 1959)

I. REGIONAL

A. SUMMARY-EVALUATION

1. General

a. Progress was irregular in assisting the countries in Southeast Asia to develop toward stable, free representative governments with the will and ability to resist communism. The danger that any of them may pass into the communist orbit varies from country to country. Thailand, Viet-Nam and the Federation of Malaya maintained an anti-communist position. A drift toward political confusion in Burma was interrupted by General Ne Win's accession to the premiership and his immediate stand against communism. The Lao Government withstood neutralist and communist efforts to overthrow it, eliminated communists from cabinet positions and took initial steps toward countering communist political and subversive progress in the countryside. Its prospects of successfully warding off communist subversion and achieving stability have improved considerably since the low point reached in the May elections, but genuine non-communist unity has not yet been achieved. Cambodia, while maintaining its neutral position, made a swing to the left in recognizing Communist China and then Prince Sihanouk tried to balance this move to some extent with a visit to the United States. In Singapore the moderate governing Labor Front failed to improve its position. In the future it may be seriously threatened by the extreme leftist People's Action Party which has shown increased evidence of popular support.

b. Slight progress was made in a second objective of persuading the countries that their best interests lie in greater cooperation and stronger affiliations with the rest of the free world. Under SEATO satisfactory progress continued on both the military and civilian sides of the organization. The Military Planning Office in Bangkok developed a comprehensive plan for combined SEATO military exercises in FY 1959. Informal political consultation improved and was characterized by the active participation of all of the members. Particularly noteworthy was the improvement in the material produced by the Public Relations Office.

The Asian members continued to seek an expansion in economic activities under SEATO, and the U. S. accordingly committed \$2.3 million for skilled labor training and \$425,000 to assist Thailand in establishing a SEATO Graduate School of Engineering. A most successful Council meeting was held in Manila in March which authorized the Secretary General to enter into limited contact with other regional defense organizations and agreed to a proposal that contact with non-member states be continued and expanded.

Some progress was made in developing regional projects. Agreements were signed in June with Thailand, Viet-Nam and Laos to provide \$27 million of U. S. funds toward the cost of a regional telecommunications system. Funds were also tentatively earmarked for the possible inclusion of Cambodia. A mild expression of interest by Burma for participation in the project has been explored, and Burmese participation seems unlikely in the near future. ICA has appointed the prime engineering contractor for the project. A second regional project relating to English language teaching has fallen behind schedule because of problems in obtaining the participating countries' understanding of the project and in drawing up the necessary documentation.

There have been two main themes in Southeast Asian attitudes toward the Taiwan Strait crisis. The initial note of fear that the whole area might be involved in war was replaced, to a large extent, by satisfaction that the U. S. did not back down on this issue.

c. Progress in preventing Southeast Asian countries from becoming economically dependent upon the communist bloc varies from country to country. Seemingly generous trade and aid offers from communist bloc countries have proved tempting to some Southeast Asian nations. Burma and Cambodia have been most vulnerable. In Singapore and the Federation of Malaya the Chinese Communists, for instance, operate through banking and trading interests. The Federation is taking steps to reduce the influence of the Communist Bank of China. In Thailand, the volume of imports from Communist China, which is small but increasing, has important propaganda value to the communists. Laos has so far resisted Chinese Communist trade and aid offers. Even assuming favorable political developments, many uncertainties exist for the economic development of Southeast Asia. Some obvious weaknesses include limited understanding by government and other leaders of the elements essential to economic development and mobilization of capital; both domestic and foreign, lack of managerial and technical experience, lack of diversity in export commodities and vulnerability to price fluctuations for these commodities. Some apprehension exists regarding the possibility of obtaining reasonable prices for the favorable rice crops now expected in the area, particularly Burma.

2. No review of policy is recommended.

themselves have not been sufficient to effect a rate of growth satisfactory to these underdeveloped countries which tend increasingly to compare their national economic progress with that claimed by communist controlled Asian countries. The urgency of the problem is emphasized by the developing communist economic offensive. From the U. S. standpoint, dissatisfaction is particularly important in these countries, which have come to expect that their alignment with the free world will bring them the external assistance needed for more rapid economic development.

Status of U. S. Actions: Considerable progress has been made during this period in defining policies and the broad approaches which the United States will employ in increasing our effectiveness in assisting these countries to achieve a satisfactory rate of development. These policies and approaches were summarized in the President's recent speech to the Colombo Plan Conference in Seattle and are applicable to all underdeveloped areas, including Southeast Asia. The President presented a program addressed to the following major requirements for economic growth:

- a. expanded international trade
- b. technical skills
- c. private investment
- d. normal bankable loans
- e. financing to cover other sound projects which will afford the borrower flexibility regarding terms of repayment.

Action to meet some of the requirements under each of these points is receiving considerable emphasis in present programs. Consideration is being given to increasing the emphasis on other elements not yet adequately developed. The President has created the Draper Committee to consider, among other things, the impact of our military assistance programs on those related portions and objectives of the mutual security effort which are directed primarily at the economic betterment and growth of the free world and to appraise the relative emphasis which should be given to military and economic programs, particularly in the less developed areas. Certain other major problems involved in carrying out current programs are also under study by such groups as the Straus Study Group and the World Economic Practices Committee.

The problem of economic development as it relates to Southeast Asia reflects the need for clarification of U. S. basic policy in order to determine the objectives, conditions, and time period which should govern U. S. economic assistance for this area. The attention of the NSC is invited to this pressing problem in the context of NSC 5810/1.

5. Public Attitudes Toward the U. S. Efforts to encourage favorable public attitudes in the area toward collective security pacts and toward the U. S. and the free world in general continue to face important obstacles, including: (1) demonstrated growth of Sino-Soviet scientific, military and economic power; (2) Asian fear of involvement in nuclear warfare; (3) the appeal of communist coexistence propaganda; (4) increasing public interest in domestic economic, financial and social problems; (5) doubt that participating in collective defense measures offers more benefits and less disadvantages than neutrality; and (6) national sensitivity which continues in most Southeast Asian countries regarding the presence of large numbers of foreign citizens.

Status of U. S. Actions: Some of the obstacles outlined above involve the U. S. world position in its entirety and require action beyond the scope of the information program alone. We expect that these obstacles will continue to be a serious problem in our efforts to present U. S. policies and programs to the leaders of Southeast Asia. Efforts continue to be made, however, to provide information and public relations support for U. S. political, economic and military policies and programs in order to achieve more favorable public attitudes.

6. Sino-Soviet Bloc Economic and Psychological Inroads. A combination of fairly widespread acceptance of communist coexistence propaganda, a desire to profit from communist "largess" and conviction that communist infiltration is controllable, facilitates communist efforts to promote acceptance of their economic aid programs. Resistance to bloc aid is reduced by its reputation for "speed," "easy terms" and the apparent absence of "strings". In some instances, U. S. assistance suffers by comparison in these respects.

Burma and Cambodia continued to be the chief beneficiaries of bloc aid. However, the general offer of assistance to the underdeveloped Asian countries made by the Soviet delegate at ECAFE meetings in Bangkok and Kuala Lumpur early this year has not been followed up. Impressive progress has been made in implementing Soviet assistance projects in Burma, which include a technological institute, a hotel, a hospital, and technical assistance in agricultural projects. Under General Ne Win, Burma is likely to be less receptive to bloc assistance. Barter agreements with bloc countries have already been revised to provide for trade on a permissive and case basis. The USSR is making progress on the 500-bed hospital it is "giving" Cambodia. In connection with Cambodia's extension of diplomatic recognition to Communist China in July 1958, the latter has offered to increase its programmed aid of \$22.4 million by the equivalent of about \$5.6 million.

Cheap cotton textiles and small manufactures from Communist China appeared in greater quantities during the past year in many Southeast Asian markets. This sharp competition has mainly affected exports from Japan and India, but also, in some instances, the production of local textile mills.

Status of U. S. Actions: With a view to offsetting the high political impact of communist aid projects, the U. S. continued to publicize the more dramatic accomplishments of U. S. aid programs. In this connection such a program as PL 480 assistance in the form of raw cotton for processing in third countries was one means of curbing further Chinese Communist inroads into the textile market. A supporting factor in offsetting communist aid projects is that remittances from overseas Chinese to relatives on the mainland have decreased markedly since the establishment of people's communes. From August to October, remittances through the Hong Kong branch of the Bank of China reportedly dropped 40 percent to the lowest volume since 1955, and a similar decrease is reported from Singapore. Part of this reduction is attributed by some to the development of communes on the mainland.

7. Economic Aid Program Delays. Despite recent improvements, the impact of aid program delays on U. S. relations in the area and on the ability of the U. S. to meet the economic challenge of the communist bloc requires continued attention and emphasis at high levels within State and ICA on eliminating these difficulties. Specifically, project approval procedures, contracting and procurement still need faster handling. Personnel selection, though greatly improved, requires continuing attention.

Status of U. S. Actions: Substantially faster program approvals have occurred this year under new programming procedures. Progress has also been made in the initiation of corrective measures to reduce delays in implementing economic aid activities. Several of these improvements stem from action by the special committee recently established under the ICA Director.

The problem of delays has been made more acute in the past by premature commitments and assurances of aid. New legislation effective this year prohibits obligation of any economic assistance funds for projects costing over \$100,000 and requiring substantive technical or financial planning until necessary engineering, financial or other plans are completed and a reasonably firm cost estimate made. On the other hand, the new legislation will also tend to increase the amount of time required between formulation and initiation of certain projects.

8. Political Instability. Political instability is a potential problem in all the countries of the area, owing to the relatively narrow base upon

which their political frameworks rest, and the importance of the unpredictable personal factor in national politics. Thus the removal of the principal leader, by whatever means, or changes in attitude of the leaders, can have grave repercussions in many of the countries.

Status of U. S. Actions: Indicated, where applicable, under individual country headings.

9. Problem of Overseas Internal Security Program. The Overseas Internal Security Program in Southeast Asia constitutes part of a larger operating problem on a world-wide basis on which policy guidance is needed. On December 8, 1958, the President approved a National Security Council action relating to certain policy issues in connection with the Mutual Security Program which:

Requested the Operations Coordinating Board to review the Overseas Internal Security Programs (OISP) with respect to: (1) The validity of the policy stated in the following portions of the basic national security policy, reporting the results of this review to the Council: to the extent possible without sacrifice of U. S. security, the United States should seek to reduce requirements for military assistance by encouraging selected recipient nations (principally non-European) ***** (b) to emphasize police and constabulary type forces for internal security purposes in lieu of large indigenous military establishments. (2) Certain operational matters raised in the Status Report on the Mutual Security Program.

Status of U. S. Actions: The OCB is currently seized with the above problem.

III. CAMBODIA

A. SUMMARY EVALUATION

14. Recent developments relate particularly to a U. S. course of action to reverse the drift toward pro-communist neutrality and to assist where possible in a solution of the Cambodia-Thailand border problem and in fostering good relations between Cambodia and Viet-Nam. Cambodia's neutral position swung to the left with the recognition of Communist China. Sihanouk's subsequent visit to the United States may have restored, somewhat, better balance to Cambodia's neutrality but there has been a net loss to the free world's position in Cambodia. The deterioration of Cambodia's relations with Viet-Nam and Thailand (the most important international problems in Cambodian eyes) exacerbated the problem of inducing Cambodia to take adequate counter measures against the communist danger.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

15. Cambodian Neutrality. In view of the Cambodian definition of neutrality as requiring oscillation to the right and the left in order to balance international pressures and influences, we expect some Cambodian actions to be contrary to our interests, and some to be favorable to us. Thus Sihanouk's reaction to his visit in the U. S. may presage at least a brief period more favorable to the U. S.

Status of U. S. Actions. The U. S. is continuing its assistance programs as long as Cambodia demonstrates a will to maintain its independence. U. S. influence continues to be discreetly applied in the hope that the Cambodian Government will be more receptive of U. S. views.

16. Relations with Viet-Nam and Thailand. Cambodia's disputes with its neighbors are a major obstacle to regional cooperation, deter the focussing of Cambodian attention on communist dangers, and inhibit the favorable exercise of U. S. influence in Cambodia because of the identification of Viet-Nam and Thailand as U. S. allies.

Status of U. S. Actions: We continue to urge settlement of these disputes through peaceful negotiations, but have avoided involvement as mediator because of the risk of alienating one side or the other and our doubt that any of the parties genuinely desire a settlement other than on its own terms.

17. Subversion. The Cambodian Government is handicapped in dealing with the problem of subversion by its over-confident belief that

it is aware of the existing dangers and can cope with them. A danger exists that by expanding its contacts with Communist China and Communist North Viet-Nam it will permit subversion especially of the Vietnamese and Chinese communities to a point beyond its control.

Status of U. S. Actions: Advantage is taken of whatever skepticism Sihanouk may have regarding the assurances he received from Chinese Communist leaders. Efforts are being continued to try to bring about an improvement in the preponderantly pro-communist press and to implement the police program.

18. Reduction of Informational Outlets. During the five-month period preceding Prince Sihanouk's recent visit to the United States, placement of USIS press material and other non-USIS originated material which supported U. S. interests dropped sharply while press usage of pro-communist material increased correspondingly. The decline in the usage of U. S. material was caused by the Ministry of Information's prejudicial treatment of the U. S. in its official press service, by governmental closure of several newspapers which had formerly been receptive to USIS approaches and by the refusal of others to accept USIS output. In view of the apparent communist influence in the Ministry of Information, USIS activities in other media could be seriously affected by one-sided administration of the government's recently promulgated communique on propaganda activities.

Status of U. S. Actions: Special efforts have been made, with some success, to persuade the Cambodian Government, particularly the Ministry of Information, to apply restrictions upon ideological propaganda equally to pro-communist and free world information activities. Since Prince Sihanouk's visit to the United States, the Ministry of Information has taken steps to decrease pro-communist propaganda. Whether or not this represents a permanent change in emphasis remains to be seen.

IV. LAOS

A. SUMMARY EVALUATION

19. Recent developments related particularly to the U. S. course of action to strengthen the determination of the Royal Government to resist subversion and to maintain its independence. The Phoui Sananikone Government, by announcing on October 10 its decision to undertake monetary reform, faced the first test of its ability to survive with unaccustomed firmness and self-confidence. Subsequently, it foiled an attempt by communists, neutralists and certain disgruntled elements of the Rally of the Lao People to bring it down by a no confidence vote in the National Assembly. The government emerged from this first test with increased authority and in a stronger position to proceed with the establishment of genuine non-communist political unity and the development of a grass roots organization. Its prospects of successfully warding off communist subversion and achieving stability have improved considerably since the low point reached in the May elections, but genuine non-communist unity has not yet been achieved.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

20. Implementation of Monetary Reform Decision. Maintenance of monetary stability in Laos will continue to be a problem of major U. S. concern. The exchange of notes and protocol of September 30, 1958, constituting agreement on monetary reform, provided for periodic discussions between U. S. and Lao representatives to review economic developments and to consider measures which appear to be necessary to maintain a realistic rate of exchange for the Lao currency. This will involve constant U. S. vigilance and resistance to inflationary policies and proposals.

Status of U. S. Actions: U. S. officials continue to exercise vigilance in order to resist any Lao inflationary policies.

21. Planning for General Elections: The Lao Government is expecting to hold general elections for the National Assembly, probably in December 1959. The outcome of the elections may be of crucial importance in determining the future international alignment of Laos, particularly in its relations with the United States.

Status of U. S. Actions:

22. Lao National Army Training. French representatives in Laos have been reluctant to accept U. S. and British views on the nature of the communist threat in Laos and on the need for training of the Lao National Army by qualified persons other than the French.

Status of U. S. Actions: Much progress has been made in bringing French policy in Laos into agreement with our own and British views on the nature of the communist threat in Laos, especially since last May. Furthermore, the French have agreed to accept Filipino civilian trainers for the Lao army, and steps are being taken to strengthen the PEO by the assignment of regular military officers in civilian clothing.

VIII. VIET-NAM

A. SUMMARY EVALUATION

32. Developments related particularly to a U. S. course of action to assist Free Viet-Nam to develop a strong, stable and constitutional government which would work toward the weakening of the communists in both North and South Viet-Nam. President Diem remained firmly in control despite some political dissatisfaction with his government. As a strongly committed anti-communist country, Viet-Nam displayed a serious concern about developments in Laos, Cambodia's recognition of Communist China, and the U. S. position in the Taiwan Straits. The communists and dissidents continued their campaign of assassinations, especially of officials in rural areas and carried out attacks aimed at disrupting Viet-Nam's economic progress. Although the government gave increasing attention to development of the economy, such development continued to be inhibited by almost pre-emptive military requirements which utilized a substantial portion of Viet-Nam's total resources, including U. S. aid. At the same time, communist North Viet-Nam continued to exploit for political and psychological purposes its own reportedly rapid economic development.

B. MAJOR OPERATING PROBLEMS FACING THE UNITED STATES

33. Diem's Internal Political Position: Diem increased his travels throughout the country for the purpose of popularizing his regime. Increasing accomplishments of the government in the economic and social fields should also have beneficial political results. Nevertheless, the failure of the government to fully rally certain elements of the middle class, the intellectuals and former officials to its support, the frustration and restlessness of some of the present officials, and some discontent in the army are sources of political weakness. This dissatisfaction is caused primarily by the authoritarian and pervasive political controls of the Ngo family and its associates.

Status of U. S. Actions: The desirability of liberalizing political and administrative controls is brought to the attention of the Vietnamese Government, when considered appropriate by the U. S. Ambassador. Possible lines of U. S. action are greatly limited due to the extreme sensitivity of Vietnamese leaders on this subject.

34. Internal Security. It has become increasingly clear that the communists, no longer expectant that Free Viet-Nam will fall to their control through peaceful methods, are executing a carefully planned campaign of violence aimed at undermining the stability of the Diem Government.

Their concentration of activities in rural areas where communications and terrain make it difficult for the government to cope with them recalls the tactics used against the French during the Indochina War. Assassinations, particularly of officials in rural areas, continue at an alarming rate of about fifteen to thirty-five a month. Attacks on rubber plantations and reported communist plans to break up the land development, land reform and agricultural credit programs indicate deliberate efforts to interfere with Viet-Nam's economic programs.

Status of U. S. Actions: After a long period of negotiation, President Ngo Dinh Diem has now agreed to place the Civil Guard under the Minister of Interior. The Embassy and the Government of Viet-Nam have reached an understanding on a program to be presented to Washington for training and equipping the Civil Guard to enable it to cope with the situation described above. The program, if approved, would be for the training and equipping of only about 32,000 of the Civil Guard and not the total current force of 48,000. A major question is whether this situation requires an improvement in the Civil Guard, or whether other existing Vietnamese security forces, including the Army, can adequately deal with the situation. This question is being discussed by the agencies concerned but agreement has not yet been reached.

35. Economic Development. Economic development, though progressing, is still at a rate below that which is politically necessary to enable Free Viet-Nam to compete successfully with the communist regime in North Viet-Nam. The rate of development is also below what is politically desirable in order to enable Viet-Nam ultimately to reduce its heavy dependence upon external assistance. This problem is further exacerbated at the present time because demands on available resources to meet the communist military and subversive threat are rising. It appears doubtful, therefore, whether our political objectives can be achieved to the degree desired.

Status of U. S. Actions: Means of mobilizing additional Vietnamese resources for development are under study by the Vietnamese Government. Defense support aid available for economic development was reduced by \$40 million in FY 1958 and further reduced by \$15-20 million in FY 1959. Vietnamese access to the Development Loan Fund (which is expected as soon as project engineering studies are complete) may offset the FY 1959 reduction but will probably not bring total aid available for development back to the FY 1957 level.

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The Embassy has been asked to re-examine Viet-Nam's military and civilian budgets for CY 1959 to determine what items, if any, might be postponed for funding until late U. S. FY 1959 when additional resources might become available, or, in view of the lag between the calendar and fiscal years, until U. S. FY 1960 when they might be considered for priority financing from FY 1960 aid funds. This review enabled some reduction in the 1959 military budget, but it is still \$3 million higher than the 1958 budget.

NOTE: The following NIEs are applicable to Southeast Asia:

- NIE 64-58, The Federation of Malaya, Jan. 14, 1958
- NIE 62-58, Thailand, Aug. 19, 1958.
- NIE 63-56, Probable Developments in North and South Viet-Nam Through Mid-1957, July 17, 1956.
- NIE 63-2-57, The Prospects for North Viet-Nam, May 14, 1957.
- NIE 61-56, Probable Developments in Burma, April 10, 1956.
- SNIE 100-12-58, Probable Developments in the Taiwan Strait Crisis, October 28, 1958.
- NIE 13-2-57, Communist China's Role in Non-Communist Asia, December 3, 1957.

Attachments:

- Annex A - Additional Major Developments.
- Annex B - CIA Intelligence Annex, dated December 18, 1958.
- Financial Annex and Pipeline Analyses.

SINO-SOVIET BLOC ACTIVITIES IN MAINLAND SOUTHEAST ASIA

Sino-Soviet Bloc Activities in Mainland Southeast Asia. (Prepared by CIA without inter-agency coordination as an informal document for use by the OCB Working Group and as background for the information of the OCB and the NSC)

40. General Bloc Policy: The Sino-Soviet bloc is actively working to encourage neutralism in Southeast Asia; to destroy the Southeast Asia Treaty Organization, and to encourage the creation of a group of independent, nationalist anti-Western entities which might ultimately come under close Sino-Soviet influence.

41. Bloc policy has been flexible and opportunistic, adjusting itself to the degree of anti-communism evident in each state. Peiping and Moscow have avoided pressing too urgently and have sought to influence by example the states in which conditions have been most favorable to them. Thus in Cambodia and in Burma--at least up to the change in government--where bloc activity has been most pronounced, Moscow and Peiping have attempted to be circumspect and have tried to fulfill economic aid agreements smoothly and satisfactorily.

42. Communist China and the USSR for the most part appear to have reserved a judgment for the present on developments potentially adverse to them in Burma, Laos, and Malaya. The bloc continues to stand on a professed plank of noninterference in the internal affairs of other states embodied in the "Five Principles" enunciated by Chou En-lai and Nehru in 1954. Chou repeated his "advice" to Cambodia's Chinese to "refrain from taking part in political activities" during the August visit of Cambodia's Prince Sihanouk to Peiping.

43. The immediate aim of local Communist parties is two-fold--to achieve legality and eventually to turn their governments' policies into neutralist channels. The USSR and Communist China complement that aim by discreet and frequent offers of "disinterested" economic aid and wider cultural relations.

44. Diplomatic Activity. Repeated bloc initiatives to expand diplomatic representation met with success in Cambodia but not in Laos. Cambodia, which already has resident missions from the USSR and Czechoslovakia, recognized Communist China in July and ambassadors have been exchanged. This is a significant diplomatic victory for Peiping in Southeast Asia and will considerably raise Communist China's prestige among the Overseas Chinese in the area. Malayan Prime Minister Abdul Rahman continues his policy of

refusing any formal relations with the bloc until the ten year Communist rebellion in Malaya is ended.

45. Burma has the broadest bloc representation, having relations with the USSR, Communist China, Poland, Czechoslovakia, Rumania, and Mongolia. In Thailand only the USSR maintains a mission which, with some 50 officials, is considerably overstaffed in terms of the work at hand. Except for some 25 Polish officials on the International Control Commission, there are no bloc officials in South-Viet-Nam.

46. Economic Activity: Malaya, with its large Chinese population, has been a focal point of Communist China's commercial drive in Southeast Asia. Peiping is competing with Japan and Hong Kong and has intensified its trade promotion activities in Singapore since April. A wide variety of new Chinese commodities are appearing at prices slashed 10-20 percent below those of normal suppliers. The effectiveness of this campaign is reflected in a 40 percent rise in the value of Chinese Communist goods imported during the first seven months of 1958 over the comparable period in 1957. Malaya's total exports to the bloc from December 1957 through May 1958 were about \$43 million. Compared with the first half of 1957, exports to the bloc as a whole increased during the December-May period by 42 percent and imports declined 5 percent. Communist China was once again the principal bloc purchaser. The marked increase in exports was caused by a doubling of rubber exports to 75,800 long tons--15 percent of Malaya's total rubber exports in the first half of 1958.

47. China's drive for economic influence in Malaya, may, however, be jeopardized by recent Peiping threats of trade sanctions against Malaya and Singapore in retaliation for anti-Peiping moves by the Federation government. Even if trade is only temporarily affected, Peiping's actions have caused sharply critical comment in the Federation and have bolstered the alliance government's determination to curtail Chinese Communist economic activities.

48. Cambodia made its first import allocations in April under trade agreements with the USSR, Czechoslovakia and Communist China. The value of export licenses issued was much lower than the level set for imports. However, the allocations totaled about \$2,600,000 and, if actually used, would raise imports from the bloc in 1958 to at least 10 percent of Cambodia's planned imports, exclusive of those under aid programs.

49. The level of bloc trade with Thailand continues to be less than one percent of total trade because of the relatively satisfactory economic conditions in Thailand, its pro-west alignment, and extensive American aid. Thailand refused Soviet formal trade overtures in March, but did lift its

embargo on rubber exports to Communist China and North Korea on 22 August. An undetermined amount of illegal trade with Chinese Communists is transacted through Hong Kong. Burmese trade with the bloc continues to decline, and rice commitments to the bloc in 1958 have been cut back to 40,000 tons. Total trade declined in 1957 to \$57,500,000 or 11 percent of Burma's foreign trade. Bloc trade with Laos and South Viet-Nam remains negligible.

50. In the field of economic aid, bloc activities are concentrated on Burma and Cambodia. Cambodia is now in the second phase of a \$22,400,000 Chinese Communist grant-in-aid program, which appears to be proceeding smoothly. Phnom Penh has completed plans for various social and economic projects and sites have been selected for the four plywood, cement, paper, and textile factories that form the core of the program. At the end of Sihanouk's Peiping visit, Cambodia accepted an additional grant of \$5,600,000 and Peiping offered to expand the program to include construction of small iron and steel works and surveys of underground fuel resources. In addition, a Cambodian economic delegation headed by the economic planning counselor sent to the USSR completed preliminary economic and technical aid talks in September. Construction is now underway on the Soviet "gift" hospital in Phnom Penh and Cambodia has included in its 1958 import plan \$1,000,000 worth of aid-financed goods to raise funds to defray local costs.

51. Bloc countries, principally the USSR, have extended an estimated \$41,600,000 in loans to Burma. Implementation of Soviet "gift" projects appears to be progressing satisfactorily and construction has begun on the technological institute in Rangoon, a plow factory, and irrigation projects. Two Soviet loans totaling approximately \$8,500,000 were announced in early 1958 but have not yet been implemented. Communist China completed expansion of a government-owned textile factory during the first half of 1958.

52. There were approximately 140 bloc technicians in Burma in the first half of 1958 and the number of Soviet technicians will undoubtedly increase markedly as work on the Rangoon Technological Institute progresses. In Cambodia there were about 30 bloc technicians, mostly from Communist China; additional Soviet Chinese technicians are expected. (Note: There are current unconfirmed reports that the Ne Win Government intends to cancel bloc technicians' contracts but no action has so far been taken.)

53. Cultural and Propaganda Activity: The bloc shift to winter schedules brought an increase in weekly broadcast output in native languages from 79 to 93 hours. Bloc services in Burmese rose from 10.5 to 17.5 hours, and Peiping increased its Cambodian service from 7 to 10.5 hours weekly. There was a slight increase in total Vietnamese weekly output. In addition, Moscow raised its English language broadcasts to South and Southeast Asia from 17.5 to 19.75 hours weekly.

54. Bloc propaganda activities have been especially marked in Cambodia, where Communist China, the USSR, and North Viet-Nam have all made rapid progress in the film field. During the first nine months of 1958 over 100 Soviet films appeared as compared with a total of 15 to 20 during all of 1957. A number of Chinese technicians have arrived in Phnom Penh to install the 20 kw radio transmitter presented to Sihanouk last year. The bloc's propaganda efforts within Cambodia have been aimed primarily at youth through the educational system, and Soviet diplomatic personnel have continued to make aggressive efforts along this line.

55. Subversive Activity. Bloc officials in the area have usually concentrated on developing correct cordial relations with constituted authorities. Covert contacts, however, are maintained through embassies and through Chinese Communist-controlled banks in places such as Burma and Singapore. The banks provide legitimate financial support to pro-Peiping adherents and are also a means of psychological and economic pressure on the population.

56. Communist China exploits extensively pro-Peiping elements within Overseas Chinese communities throughout the area. These groups are culturally to a large extent resident aliens regardless of formal citizenship and they are drawn toward the "homeland" regardless of politics.

57. In Thailand, South Viet-Nam, Malaya, and Singapore the Communist parties are outlawed and for the most part fragmented. Although aid may have been given from time to time to insurrectionary forces, both the bloc and local Communists generally would prefer legality to continued illegal and guerrilla activity. Bloc subversive efforts have been aimed primarily at stimulating existing discontent among non-Communists.

58. The developing political situation in Laos, where the Communist dominated Neo Lao Hak Zat (NLHZ) won 13 of the 21 assembly seats up for election last May, has shown the Communists to be successful in using legal and semi-legal tactics. The victory was made possible by superior NLHZ grass roots organization and by lack of unity among non-communist elements who won a majority of the popular vote but dissipated this advantage by running too many candidates. The NLHZ appears to be making strong gains in almost every sector of Laotian society including a swell of pro-NLHZ sentiment among Laos' 13,000 Buddhist monks who have some influence over village opinion. The NLHZ also appears to be making some headway in penetrating the army and eroding government authority in the provinces. Some locally elected officials in rural areas are reported to be resigning under NLHZ pressure.

59. Reaction to Bloc Activities: Generally speaking, the governments of the area are preoccupied with and somewhat fearful about resurgent

Communist China's rapid rise from "semicolonial" status to economic and military stature as a great power. There is also a great deal of respect for China's economic achievement. Local opinion tends to separate the Russians as outlanders, and except for localized incidents, the pattern of Soviet activity does not evoke a sense of threat comparable to that of Communist China.

60. Some resentment against Communist China has been evidenced in Burma over the protracted Chinese border dispute and in Burma and Malaya over bloc efforts on behalf of opposition parties or dissidents. Singapore and Malaya both have been irritated by Russian tin dumping on the world market and by Chinese Communist textile dumping. On 1 October Singapore and Malaya restricted imports of Chinese textiles.

61. Outlook: The Sino-Soviet bloc's fluid and opportunistic approach within the framework of a policy of developing wider contacts and relations on all levels with the nations of the area, will probably continue. The development of sentiment that is initially neutralist, independent, and nationalist will remain the general bloc aim. Communist China and the USSR will probably bend every effort to developing a smooth implementation of the economic relationship with Cambodia as a demonstration of what neutrality can bring. Normalization of relations with Communist China should lead to an increase in Communist activity in Cambodia. At no time in recent Lao history has the government been more pro-Free World in its foreign policy. Nonetheless, Communist influence is still increasing domestically although at a somewhat slower rate. The bloc is likely to make little progress in South Viet-Nam unless political unrest should develop and disturb the tenure of President Diem. President Diem is now anticipating a sharp upsurge in Communist guerrilla activity and terrorism in South Viet-Nam. Thailand and Malaya will probably continue to pursue policies of minimal relations with the bloc, although in the former there are a few indications of a softening toward the bloc. The trend toward the left in Burma has been abruptly terminated by the accession of General Ne Win and for the duration of his premiership, Communist influence should diminish. Communist China's economic offensive in Malaya and its appeal to the large Chinese minority there--38 percent of the population--will probably result in an increase of unofficial Chinese Communist influence.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA

(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)

BURMA

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
Military Assistance (See footnotes a/ and b/)	-	-	-	10.2
Economic Assistance	0	-	.3	18.0
Technical Assistance	-	-	-	-
Information Services	1.1	0.3	0.8	0.9
Educational Exchange	.46	-	.51	.57
Total	1.56	0.3	1.31	28.67
MAP Sales of Military Equipment & Services	.005	-	.001	NA
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)	0	-	0	0
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.)	.1	-	.2	.2

LOANS

LOANS BY	During Period 5/31/58 to 10/31/58			As of 10/31/58	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD	1.0	-	-	12.4	19.4
EX-IM BANK	-	-	-	-	-
DLF	-	-	-	-	-

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment		
					U.S. Uses	Eco. Dev. Loan	Totals
5/27/58	I	18.0	100%	cotton	3.55	14.45	18.0
**Includes \$.8 loan agreement awaiting signature.							

All Notes and Comments relating to the above figures are shown on a separate page.

BURMA
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In Millions of Dollars)

<u>Military Assistance</u> ^{a/} ^{b/}	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to 1957	2.0	2.0	-
FY 1957	-	-	-
FY 1958	20.0	-	20.0
FY 1959 (est.)	-	10.2	9.8

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	0	0	0
FY 1957	0	0	-
FY 1958	24.2	.3	23.9
FY 1959 (est.)	8.8	18.0	14.7

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons).

b/ ^{and} Excludes \$1.3 million programmed/delivered from stocks excess to U. S. Service or other MAP requirements prior to FY 1957.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA

(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)

CAMBODIA

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
<u>Military Assistance</u> (See footnotes a/ and b/)	21.4		7.6	6.0
<u>Economic Assistance</u>	40.1		37.3	27.5
<u>Technical Assistance</u>	1.0		1.9	2.0
<u>Information Services</u>	1.0	0.3	0.9	0.8
<u>Educational Exchange</u>	.19		.25	.34
Total	53.6	0.3	47.55	33.6
MAP Sales of Military Equipment & Services	-		-	-
MAP Offshore Procurement Payments (Defense expenditures entering into intl balance of payments.)				
Other U.S. Govt. Payments (affecting intl bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.) c/	NA		NA	NA

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					
DLE					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment
FY 59	I	1.1 est.	to be determined	tobacco	In process of negotiation

All Notes and Comments relating to the above figures are shown on a separate page.

CAMBODIA
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In millions of dollars)

<u>Military Assistance a/ b/</u>	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to 1957	50.4	24.9	25.5
FY 1957	8.1	21.4	12.2
FY 1958	6.2	7.6	10.8
FY 1959 (est.)	12.0	6.0	16.8

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to 1957	81.0	40.0	41.0
FY 1957	32.5	40.1	33.4
FY 1958	25.9	37.3	22.0
FY 1959 (est.)	22.5	27.5	17.0

<u>Technical Assistance</u>			
Prior to 1957	1.9	0.4	1.5
FY 1957	2.0	1.0	2.5
FY 1958	2.1	1.9	2.7
FY 1959 (est.)	2.2	2.0	2.9

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons).

b/ Excludes \$8.1 million from stocks excess to U. S. Service or other MAP requirements for FY 1950-59; of which \$7.4 million is estimated to be delivered by the end of FY 1959.

c/ Information not available except for Indochina (Associated States, Cambodia, Laos and Viet-Nam) reported as \$19.3 million in FY 1957, \$2.0 million in FY 1958 and \$1.7 million in FY 1959.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA
(In millions of dollars over \$5 million. Up to
\$5 million shown in nearest tenth million.)

LAOS

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959
		Est. Through 10/58	Est. Total	(Est. as of 11/58)
<u>Military Assistance</u> (See footnotes a/ and b/)	4.3		4.6	6.4
<u>Economic Assistance</u>	47.1		35.0	21.9
<u>Technical Assistance</u>	.8		1.2	1.6
<u>Information Services</u>	0.6	0.2	0.5	0.7
<u>Educational Exchange</u>	.058		.078	.093
Total	52.858	0.2	41.378	29.673
MAP Sales of Military Equipment & Services	-	-	-	-
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)				
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.) c/	NA		NA	NA

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					
DLF					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment

All Notes and Comments relating to the above figures are shown on a separate page.

LAOS
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In Millions of Dollars)

<u>Military Assistance</u> ^{a/} ^{b/}	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to FY 1957	33.0	28.4	4.6
FY 1957	7.4	4.3	7.7
FY 1958	9.3	4.6	12.4
FY 1959 (est.)	10.3	6.4	16.3

<u>Economic Assistance</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	88.5	64.6	23.7
FY 1957	42.9	47.1	19.5
FY 1958	29.7	35.0	14.2
FY 1959 (est.)	20.0	21.9	12.3

<u>Technical Assistance</u>			
Prior to FY 1957	1.0	0.4	0.6
FY 1957	1.5	0.8	1.3
FY 1958	1.5	1.2	1.6
FY 1959 (est.)	1.7	1.6	1.7

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; cost of rehabilitating excess stocks; and advanced weapons.)

b/ Excludes \$11.8 million programmed from stocks excess to U. S. Service or other MAP requirements for FY 1950-59; of which \$11.6 million is estimated to be delivered by the end of FY 1959.

c/ Information not available except for Indochina (Associated States, Cambodia, Laos and Viet-Nam) reported as \$19.3 million in FY 1957, \$2.0 million in FY 1958 and \$1.7 million in FY 1959.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA
(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)
MALAYA AND SINGAPORE

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
<u>Military Assistance</u>				
<u>Economic Assistance</u>				
<u>Technical Assistance</u>				
(Malaya	0.6*	0.1	0.4	0.4
<u>Information Services</u> (Singapore		0.1	0.2	0.2
(Malaya	.22		.17	.23
<u>Educational Exchange</u> (Singapore	0		.079	.069
Total	0.82	0.2	0.849	0.899
<u>MAP Sales of Military Equipment & Services</u>				
<u>MAP Offshore Procurement Payments</u> (Defense expenditures entering into int'l balance of payments.)				
<u>Other U.S. Govt. Payments</u> (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.)				

* Includes Singapore.

LOANS

LOANS BY	During Period 5/31/58 to 10/31/58			As of 10/31/58	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD			35.6**	35.6**	35.6**
EX-IM BANK					
IDB (Malaya)			10.***		

*** or No. 1149 - trait - early July.

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment

**For Malaya only. Agreement providing for this loan has been signed, but the loan does not become effective and disbursements thereunder do not start until the borrower and guarantor take certain actions and furnish certain documents to the Bank.

FINANCIAL ANNEX TO REPORT ON SOUTHEAST ASIA

(In millions of dollars over \$5 million. Up to \$5 million shown in nearest tenth million.)

VIET-NAI

EXPENDITURES AND DELIVERIES - CERTAIN U. S. ACTIVITIES

Activity	FY 1957	FY 1958		FY 1959 (Est. as of 11/58)
		Est. Through 10/58	Est. Total	
Military Assistance (See footnotes a/ and b/)	112.5		51.6	47.8
Economic Assistance	249.5		209.5	183.2
Technical Assistance	1.8		2.7	3.8
Information Services	2.1	0.5	1.5	1.5
Educational Exchange	.078		.11	.19
Total	365.878	0.5	265.41	236.48
MAP Sales of Military Equipment & Services	-		-	-
MAP Offshore Procurement Payments (Defense expenditures entering into int'l balance of payments.)	-		-	.1
Other U.S. Govt. Payments (affecting int'l bal. of payments - mil. & civ. pay, construction, procurement of U.S. mil. supplies & equipment.) c/	NA		NA	NA

LOANS

LOANS BY	During Period to			As of	
	Disbursements	Repayments	New Loans Authorized	Undisbursed Commitments	Outstanding Debt
IBRD					
EX-IM BANK					

PUBLIC LAW 480 AGREEMENTS

Date	Title	Amount	Est. % Dels.	Major Commodities	Use of Local Currency or Other Comment		
FY 58	I	16.0	to be determined	tobacco	US Uses	Mil. Bud. Support	Total
					3.0	3.0	6.0

All Notes and Comments relating to the above figures are shown on a separate page.

VIET-NAM
PIPELINE ANALYSIS, MUTUAL SECURITY PROGRAM
(In Millions of Dollars)

<u>Military Assistance a/ b/</u>	<u>Programs</u>	<u>Deliveries</u>	<u>Carryover</u>
Prior to FY 1957	294.1	173.8	120.3
FY 1957	73.0	112.5	80.3
FY 1958	56.5	51.6	85.7
FY 1959 (est.)	41.0	47.8	78.9

<u>Economic Assistance</u>	<u>Programs</u>	<u>Expenditures</u>	<u>Carryover</u>
Prior to FY 1957	522.1	321.2	200.9
FY 1957	253.9	249.5	205.3
FY 1958	174.4	209.5	170.2
FY 1959 (est.)	177.0	183.2	164.0

<u>Technical Assistance</u>			
Prior to FY 1957	3.5	.7	2.8
FY 1957	4.4	1.8	5.4
FY 1958	4.0	2.7	6.7
FY 1959 (est.)	4.3	3.8	7.2

a/ Includes value of all grant military assistance, whether programmed on a country or non-country basis, with the exception of the value of excess stocks and cost-sharing programs. (In the MAP programming process, country programs include such items as materiel and equipment, training and dollar costs of consumables and construction. Non-country programs include items such as packing, crating, handling and transportation; spare parts; costs of rehabilitating excess stocks; and advanced weapons.)

b/ Excludes \$46.8 million programmed from stocks excess to U.S. Service or other MAP requirements for FY 1950-59 as well as a pending program increase of approximately \$4.8 million; \$47.5 million is estimated to be delivered by the end of FY 1959.

c/ Information not available except for Indochina (Associated States, Cambodia, Laos and Viet-Nam) reported as \$19.3 million in FY 1957; \$2.0 million in FY 1958 and \$1.7 million in FY 1959.

January 22, 1959

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Aircraft for Vietnam (U)

By memorandum dated 30 December 1958, the Joint Chiefs of Staff recommended that thirty (30) AD-4 type aircraft be substituted for T-28s in the Vietnam Military Assistance Program to replace F-8F aircraft now used by the Vietnamese Air Force. We are advised by the Air Force that the F-8F aircraft are supportable through Fiscal Year 1960 and probably through Fiscal Year 1962 and, although obsolescent by U.S. standards, remain capable of performing their mission. While a more advanced capability for the Vietnam Air Force is both militarily and politically desirable, we question the advisability of introducing AD-4 aircraft at this time.

Although the ASCP rate for the F-8F aircraft is extremely low (average less than 2% for the last 18 months) the utilization rate (monthly average 7 hours per assigned aircraft during Fiscal Year 1958) is very unsatisfactory. This unsatisfactory utilization rate, which is 50% of the programmed flying hour requirement, is because of high unscheduled maintenance rate and substandard logistic practices, aggravated by a lack of trained supply and maintenance personnel. The result has been an in-commission rate of less than 35% during the past few months. This poor maintenance and an inability to operate the logistics and supply facilities necessary to support these aircraft are partially due to the fact that the Vietnamese are changing over from a French operated system to a U.S. recommended system which must be operated by the Vietnamese themselves.

Because of the above and the tightness of the 1959 program and in light of the coming Congressional presentation, we believe it advisable, until there is improvement in Vietnamese training and maintenance, and at least until Fiscal Year 1960, to withhold the proposed substitution of AD-4 aircraft for the F-8F aircraft.

SIGNED

John N. Irwin, II
Assistant Secretary of Defense (ISA)

THE JOINT CHIEFS OF STAFF
Washington, D.C. 20301

JCSM-97-59

19 Mar 1959

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Airfields for Vietnam (U)

1. Reference is made to the memorandum by the Joint Chief of Staff, for the Secretary of Defense, dated 18 December 1958, subject, "Jet Aircraft for Vietnam (U)."

2. Subparagraph 4 b of the referenced memorandum states that it is deemed advisable to request the International Cooperation Administration to include Cap St Jacques in addition to Tan Son Nhut in their program for airfield improvement, under the guise of commercial aviation.

3. Subsequent review by CINCPAC and the Joint Chiefs of Staff indicates that Tourane would be preferable to Cap St Jacques. Tourane's advantages outweigh its relative vulnerability. Its forward position would be operationally useful. Its improvement would require less money and time than would Cap St Jacques. Tourane's position on the Bangkok-Hong Kong air route lends plausibility to its development as a commercial jet facility.

4. It is recommended that Tourane be substituted for Cap St Jacques in the International Cooperation Administration's improvement program as the proposed second jet facility for Vietnam.

5. It is requested that you advise the Joint Chiefs of Staff of your position and the views of the Department of State on this matter, in order that CINCPAC may, in turn, be informed.

For the Joint Chiefs of Staff:

N. F. TWINING,
Chairman,
Joint Chiefs of Staff

ASSISTANT SECRETARY OF DEFENSE
Washington 25, D. C.

20 May 1959

INTERNATIONAL SECURITY AFFAIRS

In reply refer to I-12,975/9

MEMORANDUM FOR THE SECRETARY OF THE ARMY
THE SECRETARY OF THE NAVY
THE SECRETARY OF THE AIR FORCE
THE CHAIRMAN, JOINT CHIEFS OF STAFF
THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

SUBJECT: OCB Operations Plan for Viet-Nam (U)

On 7 January 1959, the Operations Coordinating Board concurred in the "Operations Plan for Viet-Nam", published under date of 9 January 1959, and agreed that the member agencies would implement the actions and programs in the Plan, subject to modification should a change in circumstances so dictate.

The Assistant Secretary of Defense (ISA), on behalf of the Secretary of Defense, has approved this Plan for implementation by the Department of Defense.


The Inclosure assigns responsibilities within the Department of Defense for the specific courses of action for which this Department is assigned a primary responsibility in the Operations Plan.

Components of the Department of Defense, assigned primary responsibilities in the Inclosure, should report on the progress in implementing the assigned courses of action to the Assistant Secretary of Defense (ISA). As a minimum, such reports should be prepared to coincide with the timing of revisions of the subject Plan and with the preparation of the OCB Report to the National Security Council on U.S. Policy toward Viet-Nam.

Inclosure
Assignment of
Responsibilities

3 ISA cys:

1. PLANS/NSC (in turn)
2. Dir, FE (Action)
3. Dir, OP&C


ROBERT H. KNIGHT
Acting Assistant Secretary

CSD Files
R&C Files
ISA Reading File

1185

INCLOSURE

SUBJECT: Department of Defense Assignment of Responsibilities for the
OCB Operations Plan for Viet-Nam

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
6	17	Popularize, particularly in neutralist nations of Asia, the image of a genuinely independent Viet-Nam striving by its own will and as much as possible with its own resources to enhance its ability to defend and strengthen its independence. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
7	23	Deter the Viet Cong (formerly called Viet Minh) from attacking or subverting Free Viet-Nam or other neighboring states. (OCB Assignment: State, Defense; Timing - Continuing)	Assigned to: JCS
7	25	Probe weaknesses of the Viet Cong and exploit them internally and internationally whenever possible. (OCB Assignment: State, Defense, USIA; Timing - Continuing)	Assigned to: JCS
	26	Continue to support the Vietnamese Government by diplomatic, military, economic, and psychological means. In these efforts the main object should be to maximize the attractiveness of Free Viet-Nam in contrast with conditions in the communist zone of North Viet-Nam. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
8	27	Strengthen Vietnamese relations with and representation in Laos, Cambodia, the Philippines, Thailand, Burma, Malaya and the Republic of China. Keep the GVN as fully informed as possible of developments in Indonesia in order that it may guide its relations in the best interests of the Free World. Support visits by high-ranking officials of Southeast Asian countries to Viet-Nam and vice versa, particularly from neutral countries. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
11	41	Encourage Viet-Nam to develop economic relations with Japan and the Republic of China, and, as appropriate, to accord recognition to the contributions to the Vietnamese economy non-citizen businessmen have made and continue to make under proper conditions. (OCB Assignment: All agencies; Timing - Continuing)	Assigned to: OASD/ISA

Viet-Nam Contd.

<u>AGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
11	42	On occasion of an imminent or actual communist attempt to seize control from within, take action in accordance with U.S. policy. Prepare contingency plans to facilitate such action. (OCB Assignment: Defense, State. Timing - Continuing)	Assigned to: JCS
11	43	Jointly with other SEATO powers, or separately, when appropriate, continue to encourage Viet-Nam to send military observers to SEATO military exercises, when such invitations have been extended. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: JCS
11	44	Continue to implement the military assistance program for Viet-Nam. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: OASD/ISA Support: JCS
11	45	Seek to influence Vietnamese defense planning so that it will be consistent with U.S. and SEATO plans. Promote a spirit of cooperation among the Vietnamese officials and people in order to develop an atmosphere favorable to the employment of U.S. forces, if they should be required in the defense of Viet-Nam. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: JCS
12	46	Develop, through training, the maximum combat capabilities of the Vietnamese armed forces, including logistical support services. Develop adequate reserve forces. The present Vietnamese armed force level of 150,000 should be kept under constant review, relating such review to the external menace. Constant efforts should be made to cut the man-year costs of Vietnamese troops. (OCB Assignment: Primary - Defense; Support - ICA, State; Timing - Continuing)	Assigned to: JCS

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
12	47	The U.S. should continue to provide adequate support to the Vietnamese military budget as long as the threat of aggression so requires. The U.S. should exert continuing efforts to effect reductions in over-all military costs and to induce the Vietnamese Government to increase the total amount of Vietnamese resources available for financing the military budget and economic development. Provide equipment to the Vietnamese forces in conformity with U.S. policy in connection with the Armistice Agreement. (OCB Assignment: ICA, Defense, State; Timing - Continuing)	Assigned to: OASD/ISA Support: JCS
12	48	Encourage, within the limitations of available spaces, attendance of Vietnamese military personnel at schools of the U.S. armed forces and at appropriate foreign schools operated or sponsored by the U.S. armed forces. Maintain U.S. advisors with all major units and schools of the Vietnamese armed forces. (OCB Assignment: Primary - Defense; Support - ICA, State; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
12	49	Encourage Viet-Nam to participate in the Pacific Defense College when established. (OCB Assignment: Primary - Defense; Support - State; Timing - Continuing)	Assigned to: JCS
13	51	Support the Vietnamese Government's psychological warfare program against the communist zone with a view to inciting dissatisfaction and encouraging defections. Endeavor to prevent ineffective violence or other self-defeating actions by dissidents. (OCB Assignment: All agencies; Timing - Continuint)	Assigned to: JCS

<u>PAGE</u>	<u>PARA.</u>	<u>COURSES OF ACTION</u>	<u>RESPONSIBILITY</u>
13	56	Encourage U.S. training and orientation visits for potential Vietnamese government and business leaders. Continue the granting of graduate level scholarships, with extensions to permit attainment of advanced degrees of selected cases. Permit U.S. financing of full undergraduate scholarships at U.S. universities for selected outstanding graduates of Vietnamese secondary schools. Encourage fullest assimilation into Vietnamese life (military, economic, social, political and cultural) of returned exchangees, participants and trainees. Maintain and strengthen contact with these beneficiaries of U.S. exchange and training programs. Provide them with continuing access to American sources of technical, professional and cultural information, and help them exercise a pro-Free World influence among fellow Vietnamese. (OCB Assignment: Defense, ICA, USIA, State; Timing - Continuing)	Assigned to: OASD/ISA Support: JCS
14	57	Increase training of Vietnamese technical, professional and administrative personnel in Viet-Nam, U.S. and third country schools. (OCB Assignment: ICA, USIA, State, Defense; Timing - Continuing)	Assigned to: OASD/ISA
14	61	Continue training the Vietnamese armed forces for their internal security role, including counter-intelligence within the armed forces, support of police actions, pacification and anti-guerrilla operations, et cetera. (OCB Assignment: Defense; Timing - Continuing)	Assigned to: JCS
15	64	Continue to translate textbooks on leadership, anti-subversion, counter-intelligence, administration of martial law, riot control, etc., into French and Vietnamese for distribution to Vietnamese armed forces. (OCB Assignment: Defense, ICA; Timing - Continuing)	Assigned to: JCS Support: OASD/ISA
15	65	The Government of Viet-Nam should be encouraged to maintain an effective, well-trained and carefully screened Self-Defense Corps, and to continue other activities which emphasize self-help and protection against Viet Cong terrorism. (OCB Assignment: ICA, Defense; Timing - Continuing)	Assigned to: JCS

PROSPECTS FOR NORTH AND SOUTH VIETNAM

THE PROBLEM

To analyze the current situations in North and South Vietnam and to estimate probable developments over the next two or three years.

CONCLUSIONS

1. The prospect of reunification of Communist North Vietnam (DRV) and western-oriented South Vietnam (GVN) remains remote. In the DRV the full range of Communist techniques is used to control the population, socialize the economy, impose austerity and direct investment to economic rehabilitation and development. The DRV maintains large armed forces. In South Vietnam, despite the authoritarian nature of the regime, there is far more freedom. Local resources and US aid are devoted to developing the armed forces, maintaining internal security, and supporting a relatively high standard of living, with lesser emphasis on economic development. (Para. 9)

2. In South Vietnam political stability depends heavily upon President Diem and his continued control of the instruments of power, including the army and police. Diem will almost certainly be President for many years. The regime will continue to repress potential opposition elements and depend increasingly upon the effectiveness of the Can Lao, the regime's

political apparatus, which is run by Diem's brothers Nhu and Can. (Paras. 11-14, 29-31)

3. The capabilities of the GVN armed forces will improve given continued US materiel support and training. Continuance of the present level of training is threatened by a recent finding of the International Control Commission (ICC) that the US Temporary Equipment Recovery Mission (TERM) should end its activities by mid-1959. In any event, GVN forces will remain incapable of withstanding more than temporarily the larger DRV forces. The internal security forces will not be able to eradicate DRV supported guerrilla or subversive activity in the foreseeable future. Army units will probably have to be diverted to special internal security assignments. (Paras. 15-17, 33-34)

4. The GVN is preoccupied with the threat to national security and the maintenance of large military and security

forces. It will probably remain unwilling to devote a significantly greater share of resources and attention to longer range economic development. Assuming continued US aid at about present levels, modest improvement in South Vietnam's economic position is likely. However, development will lag behind that in the North, and the GVN will continue to rely heavily upon US support to close the gap between its own resources and its requirements. (Paras. 19-22, 32)

5. There is little prospect of a significant improvement in relations between South Vietnam and Cambodia so long as the present leaders of the two countries remain in power. Relations with Laos will probably remain generally friendly. Continued suspicion that the French are intriguing in the area to recapture a position of major influence will probably pre-

vent an improvement of Franco-GVN relations. (Paras. 25-27, 35)

6. Despite widespread popular discontent, the Government of the DRV is in full control of the country and no significant internal threat to the regime is likely. With large-scale Bloc aid, considerable progress has been made in rehabilitating and developing the economy with major emphasis on agriculture, raw materials and light industry. The regime will probably soon have laid the foundations for considerable economic expansion. (Paras. 37-38, 42, 44)

7. The DRV has no diplomatic relations with any country outside the Bloc and its foreign policy is subservient to the Bloc. We believe that it will continue its harassment of the GVN and of Laos, though a military invasion of either is unlikely. (Paras. 46, 48-49)

INTRODUCTION

8. The 1954 "provisional military demarcation line" dividing Vietnam at the 17th parallel has become a fixed boundary separating two entrenched and hostile governments, the Government of Vietnam (GVN) in the south and the Communist Democratic Republic of Vietnam (DRV) in the north. The all-Vietnam elections called for under the Geneva Agreements of 1954 have not been held, and the divergent conditions demanded by both governments preclude the holding of such elections. To date the GVN has been preoccupied with the threat to internal security posed by DRV subversion and guerrilla warfare and with the threat that the Communists' numerically superior armed forces will one day invade the south. However, there are no indications that the DRV is willing to assume the risks of US intervention and attempt to conquer South Vietnam by military invasion. Such a

decision would probably be made by Peking and Moscow rather than by Hanoi.

9. Meanwhile life on the two sides of the boundary is marked by an increasing disparity. The north is organized along strict Communist lines. The standard of living is low; life is grim and regimented; and the national effort is concentrated on building for the future. The DRV claims it has reduced its reliance on Bloc aid to about one-third of its national budget. Its large army is almost entirely financed domestically, except for arms delivered by the Bloc. Both its foreign aid and its Spartanly acquired domestic capital are devoted to restoring and increasing productive capacity in agriculture and industry. In the south the standard of living is much higher and there is far more freedom and gaiety. However, South Vietnam's economic development is still at an early and uncertain

stage, and basic economic growth has been slower than that of the north. The GVN still depends upon US aid to finance about two-thirds of its national budget, including most of the support for the armed forces.

I. MAJOR TRENDS IN SOUTH VIETNAM

A. Political Trends

(27) 10. President Diem continues to be the undisputed ruler of South Vietnam; all important and many minor decisions are referred to him. Although he professes to believe in representative government and democracy, Diem is convinced that the Vietnamese are not ready for such a political system and that he must rule with a firm hand, at least so long as national security is threatened. He also believes that the country cannot afford a political opposition which could obstruct or dilute the government's efforts to establish a strong and secure state. Although respected for his courage, dedication, and integrity, Diem has remained a somewhat austere and remote figure to most Vietnamese and has not generated widespread popular enthusiasm.

11. Diem's regime reflects his ideas. A facade of representative government is maintained, but the government is in fact essentially authoritarian. The legislative powers of the National Assembly are strictly circumscribed; the judiciary is undeveloped and subordinate to the executive; and the members of the executive branch are little more than the personal agents of Diem. No organized opposition, loyal or otherwise, is tolerated, and critics of the regime are often repressed. This highly centralized regime has provided resolute and stable direction to national affairs, but it has alienated many of the country's educated elite and has inhibited the growth of governmental and political institutions which could carry on in Diem's absence. The exercise of power and responsibility is limited to Diem and a very small circle mainly composed of his relatives, the most important being his brothers Nhu and Can. [Nhu is particularly influential in international affairs and in matters relative to the southern half of the country. Can is more concerned with internal security and the northern half of the country.

12. An increasingly important and effective mechanism employed by the Diem regime to maintain control over the affairs of South Vietnam is the Can Lao, a semiovert political apparatus. Its structure, like that of the Kuomintang or a Communist party, is based on the cell and cadre system. The Can Lao is organized on a regional basis. The southern region is run by Nhu, an articulate, pragmatic activist. It is loosely organized and administered. The northern region is ruled with an iron hand by Can, a withdrawn eccentric feared by most Vietnamese, who seldom ventures from his headquarters in Hue. Although there is considerable rivalry and tension between the two brothers, there is no evidence that either is less than completely loyal to Diem. Diem apparently finds it advantageous to continue the division of authority as a means of controlling the ambitions of Nhu and Can.

13. Can Lao members are active at virtually every level of Vietnamese political life. Membership is becoming increasingly important for professional advancement. One-third of the cabinet members and over one-half of the National Assembly deputies are probably Can Lao men; the actual figure may be higher. The Can Lao controls the regime's mass political party, the National Revolutionary Movement. It apparently has its hand in most important business transactions in South Vietnam and is engaged in dubious business practices. Recently the Can Lao has stepped up its campaign to recruit key officers in the GVN military establishment, probably to establish a control mechanism within the only organization in South Vietnam strong enough to challenge the Diem regime.

14. Although the popular enthusiasm attendant on the achieving of independence and the end of colonial rule has subsided and some disillusion has arisen, particularly among the educated elite, there appears to be little identifiable public unrest. There is some dissatisfaction among military officers largely because of increasing Can Lao meddling in military affairs. The growth of dissatisfaction is inhibited by South Vietnam's continuing high standard of living relative to that of its neigh-

bores, the paternalistic attitude of Diem's government towards the people and the lack of any feasible alternative to the present regime.

B. Internal Security

15. The Communist apparatus in South Vietnam is essentially an operating arm of the North Vietnamese Communist Party (Lao Dong), but there have been recent indications of Chinese Communist participation in its operations. It is estimated that there are about 2,000 active guerrillas. They are in small units scattered along the Cambodian border, the south coast, and in the remote plateau region of the north. There are probably several thousand others, now inactive, who have access to arms and would participate in guerrilla activities if so ordered. The guerrillas are able to marshal a force of several hundred men for major hit-and-run raids, as they demonstrated twice during 1958. They have recently stepped up their intimidation campaign, assassinating local officials in remote areas, terrorizing local populations and disrupting government operations. The dissident armed remnants of the religious sects are largely broken up. About 2,000 such dissidents surrendered to the government during 1958 and the few hundred remaining in the jungle are probably now absorbed or dominated by the Communists.

16. The government has been able to restrict but not eliminate the subversive and espionage activities of clandestine Communist agents. It is probable that Communists have penetrated some local army and security units, village councils, and local branches of the government. There is no evidence, however, that such penetration is sufficient to hamper government operations seriously or that it extends to the higher echelons of the government. There is probably a widespread Communist underground in the urban areas, especially Saigon, and Communist intelligence of GVN plans and activities is probably good. Communist agents are also stimulating unrest among the tribal minorities in the central highlands, a relatively inaccessible and sparsely populated area which the government is attempting to settle and develop, primarily for security reasons.

17. South Vietnam's 136,000-man army,¹ supported by the Civil Guard, the Self-Defense Corps and the police services, is capable of maintaining effective internal security except in the most remote jungle and mountain areas. Until mid-1957, the army had the primary responsibility for internal security, and had considerable success. By that time major responsibility for internal security had been given to the provincial Civil Guard (48,000) and the village Self-Defense Corps (47,000). These organizations have proven to be inadequately trained and equipped for the job, and units from the armed forces have continued to be called in to meet special situations. The size and scattered distribution of the Civil Guard and Self-Defense Corps add to the problems of training and equipping them and of coordinating their activities. In some regions, they are infiltrated by Communists. The police services, which include the 7,500-man Vietnamese Bureau of Investigation and 10,500-man police force stationed in the main cities, have had considerable success in tracking down subversives and terrorists and are developing into efficient organizations.

C. Economic Trends in South Vietnam

18. South Vietnam has made only limited progress toward basic long-term economic development in the five years since independence. US aid during that period, excluding military equipment and training, has totaled over one billion dollars. The bulk of this aid has been provided to finance imports of commodities which have been sold domestically. Most of the local currency accruing to the government has been used to support the armed forces and to finance the resettlement of over 700,000 refugees from the north. The GVN meets, out of its own limited resources, about one-third of the total civilian-military budget, including about 15 percent of the military budget. The GVN does not have the necessary additional financial resources to undertake a significant economic development program.

¹ See Military Annex.

19. Basic economic development is also inhibited by the GVN's preoccupation with South Vietnam's problems of internal security and military preparedness. It continues to regard programs for long-range economic growth as of lower priority than the building of defense strength. Moreover, for political reasons, it is reluctant to take any measures which might reduce the country's relatively high standard of living. Consequently, the GVN devotes only a small part of available resources to long-range economic development.

Diem is hopeful, however, that resources for development will be provided from external sources, principally the US and the Japanese reparations settlement. There is little prospect for private foreign investment, primarily because of the unsettled security situation, uncertainty regarding GVN economic policy, and other factors creating an unattractive economic climate.

20. Another aspect of the economic situation has political as well as economic ramifications. A considerable amount of US aid is in the form of grants of dollars which are used to import commodities. This practice has tended to inhibit the development of local consumer goods industries, although steps are now being taken to encourage domestic industries. It has supported a standard of living higher than the country could maintain on its own resources.

A significant cutback in the standard of living would probably create serious political problems for the government. The present slow pace of economic development holds little promise that the gap between the present living standard and the capacity of the economy will be closed in the foreseeable future.

21. Nevertheless, South Vietnam is making some economic progress. The heavily damaged transportation network is being repaired. After an initial period of frustration and delay, considerable progress is being made in a modest agrarian reform program. In addition, almost 100,000 persons from crowded urban and coastal areas have been relocated on land development projects in the Mekong delta area and in the sparsely populated central highlands. The economic viability of these last mentioned projects has not yet been

proved. The resettlement of refugees from the north is about completed. Rice production is approaching 1939 levels, but increased domestic consumption has kept rice exports far below prewar levels. Rubber has surpassed 1939 levels and has replaced rice as the nation's major export.

22. Some constructive long-range measures are being taken. The GVN is attempting to increase internal revenues by strengthening its tax system and is trying to restrict domestic consumption and total imports to about present amounts. If the main part of the defense burden is carried by the US, it is probable that over the next few years the steps taken and planned by the GVN will enable domestic production to expand and thus reduce the balance of payments deficit on goods and services, which was about \$190 million in 1958. The planned development of manufacturing would make possible over the next five years the lowering of import requirements by about \$25 million a year. In the same period the trade gap should narrow by another \$30 to \$40 million if land development and rice productivity programs produce the planned results. Even if these results are achieved, however, South Vietnam will still have large foreign trade and internal budget deficits and continue to depend upon US aid.

D. South Vietnam's Foreign Relations

23. South Vietnam's foreign policy is based upon fear of and rigid opposition to communism, and upon a conscious dependence on the US as its major source of assistance and protection and as its principal international sponsor. The GVN leaders desire to maintain and to assert their nation's independence, which they believe to be endangered most directly by the activities and military strength of North Vietnam. They are also concerned over what they consider the weakness and pro-Chinese Communist orientation of Cambodia, and the machinations of the French.

24. DRV: In responding to persistent DRV bids to "regularize" relations, GVN policy is to impose conditions it is sure will be unacceptable. By this means the GVN seeks to improve its propaganda position, while main-

taining intact its opposition to closer contact with the DRV. Although the GVN may agree to limited discussions with DRV representatives, such as the proposed negotiation regarding administrative problems of the Demilitarized Zone, it is not likely to enter into any broader discussions (whether or not held under the auspices of the International Control Commission (ICC)); and even less likely to agree to the establishment of regular official contacts with the north.

25. *Cambodia:* Relations between the GVN and Cambodia have become acutely strained. Diem is convinced that Cambodia's Prince Sihanouk is untrustworthy and is tolerating, if not supporting, anti-GVN operations on the Cambodian border area by both Communists and non-Communists. The GVN leaders have little confidence in the ability of Cambodia to resist Communist pressures and they are convinced that Cambodia's recent recognition of Communist China shows that there is little will to resist. The GVN is fearful of a Communist takeover in Cambodia which would provide a base for subversive operations or attack. GVN leaders were closely involved in recent anti-Sihanouk plots, and probably will continue activities designed to stir up anti-Sihanouk feeling both inside and outside of Cambodia and to lead to Sihanouk's downfall.

26. *Laos:* South Vietnam's relations with Laos are on a generally friendly basis, especially since the Lao Government has indicated greater awareness of the Communist threat and has become more outspokenly pro-West in its foreign policy statements. The GVN has undertaken to advise the Lao Government on an anti-Communist program, has offered to train some Lao troops, and in other ways is seeking to stiffen the anti-Communist position of the Lao Government. However, GVN worries have been only partially relieved by recent Lao Government measures to check Lao Communist political activity; the GVN continues to feel considerable disquiet because of North Vietnamese pressures along the DRV-Laos border.

27. *France:* The GVN leaders continue to suspect the French of intriguing to overthrow the Diem government and to increase their influ-

ence in South Vietnam. French businessmen and officials in South Vietnam are carefully watched and the scope of French commercial, cultural, and educational activities is restricted. The GVN leaders also believe that the French are at least partially to blame for Cambodia's apparent drift towards Communist China and for the failure of recent anti-Sihanouk plots. Although many South Vietnamese leaders have a cultural affinity for France, GVN-French relations are likely to remain cool.

28. *US:* Although we do not expect the present close GVN-US relationship to be undermined, the GVN's sensitivity to its dependence on the US is likely to grow and to complicate our dealings with it. Nhu and some other leaders have expressed resentment at what they consider US attempts to dictate to them and to restrict their freedom of action at home and abroad. Diem has indicated that South Vietnam expects the maintenance of large US aid and special consideration from the US as a reward for its steadfast support. Failure to receive such special consideration could lead Diem to assume a stance of greater independence vis-a-vis the US. However, in light of Diem's strong aversion to the French and in the absence of any acceptable alternative source of support, he will almost certainly avoid jeopardizing basic US-South Vietnamese ties during the period of this estimate.

E: Outlook for South Vietnam

29. The prospects for continued political stability in South Vietnam depend heavily upon President Diem and his ability to maintain firm control of the army and police. The regime's efforts to assure internal security and its belief that an authoritarian government is necessary to handle the country's problems will result in a continued repression of potential opposition elements. This policy of repression will inhibit the growth of popularity of the regime, and we believe that dissatisfaction will grow, particularly among those who are politically conscious. The power and unscrupulousness of the Can Lao, if unchecked, will probably prejudice the prestige of the gov-

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

June 29, 1959

MEMORANDUM FOR THE NSC PLANNING BOARD

SUBJECT: Current U. S. Policy in the Far East

REFERENCES: A. NSC 5429/5
B. Memo for Planning Board, "U. S. Policy
Toward the Far East," June 15, 1959
C. Record of Meeting of the Planning Board
June 12, 1959

The enclosed draft revision of NSC 5429/5, prepared by the Department of State, is transmitted herewith for consideration by the Planning Board at an early meeting.

ROBERT H. JOHNSON
Acting, Director, Policy
Coordinating Secretariat

CURRENT U. S. POLICY IN THE FAR EAST

I. GENERAL CONSIDERATIONS

1. The primary problem of U. S. policy in the Far East is to cope with the serious threat to U. S. security which has resulted from the spread of hostile Communist power on the continent of Asia engulfing mainland China (including Tibet), north Korea and north Viet-Nam.

2. Since it seized mainland China in 1949, the regime in Communist China has consolidated effective control over that area and has remained a closely cooperating partner of the Soviet Union. It is prudent to assume in our planning that for the predictable future the Peiping regime will continue to exercise effective control over mainland China, that its military and economic strength will continue to increase and that the Sino-Soviet alliance will hold firm. On the other hand, Communist China will undoubtedly encounter severe strains, dislocations and set-backs in trying to achieve the production goals it has set itself.

3. If -- but only if -- (a) the present ratio of free world military power to that of the Sino-Soviet Bloc is maintained, (b) adequate U. S. aid and support is forthcoming and (c) the U. S. maintains a sufficiently liberal trade policy, the present orientation of most free Far Eastern countries is not likely to be adversely altered to any marked degree in the years ahead. In that case the

basic trend of the past five years -- stabilization of the demarcation between Communist and non-Communist Asia -- will probably continue. On the other hand, the weaknesses engendered in Asia by its incomplete political, social and economic revolutions and by antagonisms between certain free Far East countries are unlikely to be significantly reduced during at least the next few years and will continue to provide opportunities for Communist pressures internally and externally.

4. A fundamental source of danger we face in the Far East derives from Communist China's rate of economic growth which will probably continue to outstrip that of free Asian countries, with the possible exception of Japan. In view of both the real and the psychological impact of Communist China's growth and the major effort of the Soviet Union to gain influence in the less developed countries with aid and promises of quick progress under Communism, increased emphasis must be placed upon economic growth of the free Far East countries, but this cannot be at the sacrifice of adequate security measures, for, without security and the stability and confidence deriving from security, real economic progress will be unattainable.

5. A growing source of strength for the free world position in the Far East is nationalism, a dominant force in Asia which is directed towards the preservation of national independence and against those who are seen as

trying to subvert or abridge independence. Although there is still considerable lack of popular understanding in the free Far East regarding Communism; there is increasing recognition, particularly among responsible leaders, of the nature of the Communist menace to national independence and ways of life and there is increasing determination and capacity to resist Communist encroachments. Moreover, the anti-colonialist and anti-western attitudes which dominated Far East nationalist sentiments in the early post-war years are now fading, with Communist China emerging as the main threat to nationalist aspirations.

6. Japan occupies a unique position as the only major industrial and trading nation in the Far East, a nation which can play a leading and stabilizing role in Asia. Rapidly recovering from World War II and fully aware of the importance of developing markets for Japanese goods, Japan is contributing to the long-term economic development of Southeast and South Asia. Japan's future international orientation will be determined in major degree by its ability to sell in free world markets, notably the American market.

7. Since the Communist regime in China is unlikely to be displaced in the foreseeable future and since it is unlikely to be alienated from the Soviet Union, the principal means for dealing with the threat it poses is by helping to build up the political and economic strength and stability

of free Asia as rapidly as feasible, while maintaining an adequate over-all free world military posture and while exerting such pressures as are available to us to retard the growth and extension of Chinese Communist power and influence.

II. OBJECTIVES

8. The principal objectives of the United States in the Far East should be:

a. Preservation of the territorial and political integrity of the free world countries in the area against further Communist expansion or subversion.

b. Deterrence of general or local war through maintaining a strong, balanced and determined free world military posture in the Far East as elsewhere.

c. Development of conditions which in time are likely to be conducive to bringing about desirable changes within the Asian Communist Bloc and to permitting settlement of issues on terms compatible with U. S. security interests.

d. To the above ends, strengthening the economic, political and military position of free Far East nations; and, to the extent we are able to do so, limiting the growth of the power and prestige of Asian Communist regimes, especially Communist China, and weakening the bonds that hold the Sino-Soviet Bloc together.

e. Promotion of political and social forces in the Far East which will advance free world unity, cooperation and common purposes.

f. Identification of the United States with the aspirations and efforts of Asians to maintain independence, promote human values and improve conditions of life; and defining our objectives and programs in the Far East in positive terms, emphasizing our constructive relationships, interests and purposes in that area.

III. COURSES OF ACTION

9. In order to preserve the territorial integrity of free world countries and deter enemy aggression, the United States should:

a. Ensure a strong U. S. military position in the West Pacific area, including maintaining the security of the offshore island chain, capable of giving rapid effective expression to all our treaty commitments in the Far East, and be determined and show our determination to use military power flexibly as may be necessary to protect our allies and friends from Communist aggression in a manner most responsive to broad U. S. interests.

b. Promote and strengthen our multilateral (SEATO, ANZUS) and bilateral (with Korea, GRC, Japan

and the Philippines) defense arrangements in the West Pacific and develop wider understanding of common purposes among all our allies and other friends in the Far East.

c. Through the Mutual Assistance Program and other measures, support the maintenance of free Asian military forces which are (1) capable of maintaining internal security and of identifying and delaying Communist aggression and which (2) together with U. S. and other allied military power and acting in a manner most responsive to broad U. S. interests are capable of coping with, and thereby deterring, any type of Communist aggression.

d. Provide MAP aid to those free Far Eastern countries where it is needed to maintain national independence and where it will be effectively utilized in consonance with U. S. interests.

e. In the event of Communist overt armed attack or imminent threat of such attack against any country in the area not covered by a security treaty to which the United States is party, the menace to U. S. security interests would be so grave as to justify the President in requesting authority from Congress to take necessary action to deal with the situation, including the use of U. S. armed forces, if appropriate and feasible. In

any event, the United States should consider the advisability of taking the issue before the United Nations.

f. If requested by a legitimate local government which required assistance to defeat local Communist subversion or rebellion not constituting armed attack, the United States should view such a situation so gravely that, in addition to giving all possible covert and overt support within the Executive Branch authority, the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary and feasible, include the use of U. S. military forces either locally or against the external source of such subversion or rebellion.

g. Assist where necessary and feasible non-Communist Governments and other elements in the Far East to counter Communist subversion and economic domination.

h. Continue to recognize the Government of the Republic of China as the only legal government of China and its right to represent China in the United Nations, UN agencies and other international organizations; seek to obtain increasing international support for the ROC and otherwise take steps to maintain and advance its international standing.

10. In order to promote the political progress, integrity and stability of free Far East countries and to promote more effective cooperation among those countries and between them and the rest of the free world, the United States should:

a. Without interfering in internal political affairs, promote through economic aid and other means the emergence, tenure and standing of friendly governments which are striving earnestly for economic and social advancement.

b. To the extent possible as consistent with our continuing aim of encouraging democratic growth, especially respect for basic human rights, encourage strong responsible executive-type governments which are best suited to the current requirements of various countries taking into account their traditions, circumstances and capabilities.

c. Show respect and understanding for the foreign policy position of any free Far Eastern country, whether allied or neutral, provided that country is striving to maintain its independence from Communist domination or subversion.

d. Encourage the growth of regional and free world cooperation through such measures as support for the Colombo Plan, ECAFE, and regional undertakings

such as the Mekong Valley Project and the Southeast Asia telecommunications network.

a. Seek to allay animosities between various free Far Eastern countries, urging moderation and mutual respect between parties to the dispute and taking an active role as channel for communication and supplying good offices where that would serve our general interests.

ii. In order to strengthen the economies of the free Far Eastern countries and thereby promote U. S. military, political and economic objectives, the U. S. should:

a. Be prepared to furnish economic and technical assistance on a continuing basis over an extended period of time as can be used effectively (1) to supplement the domestic resources of certain countries receiving military assistance to enable them to carry on otherwise insupportable defense burden without politically disruptive economic deterioration, and (2) to promote the steady economic development of free Asian countries at a rate adequate to give their peoples a sense of present progress and future hope and to strengthen their orientation toward the free world.

b. Continue to assist in the economic development of the area on a bilateral basis, while encouraging

useful projects that have regional aspects; however, if there should develop genuine initiative and support by most of the countries in the area for a regional lending or other economic development institution and if the countries concerned are disposed to cooperate and to put substantial resources of their own into it, the U. S. should examine such a proposal sympathetically with a view to cooperation and to contributing financial support.

c. Encourage other free nations to contribute available resources to promote the economic growth of free Far Eastern countries.

d. Encourage private investment to provide an increasing share of American investment capital and technical know-how required for economic growth; and encourage less developed countries to improve their investment climate for attracting U. S. capital.

e. Encourage free Far East countries to orient their economies toward the free world and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development and atomic development.

f. Take all feasible measures to increase the opportunities of such countries for trade with each other and with the United States and other free world countries; Bear in mind that Japan's long-range

political and international orientation is likely to be shaped by the degree to which she has fair access to U. S. markets.

g. In administering P.L. 480 in the area, due regard should be shown to Asian reliance on traditional markets for the disposal of commodity exports; utilize local currency proceeds to the best advantage in support of projects furthering U. S. interests.

12. In the informational and educational field, the United States should:

a. Develop and strengthen informational, cultural, education and exchange programs.

b. Make a special, sustained effort to promote the education of an expanding number of technically competent pro-free world civilian and military leaders, working bilaterally or through such multilateral groupings as the UN and Colombo Plan; and stress the importance of developing adequate managerial and executive skills.

c. Seek, by appropriate means, utilizing Asians to the greatest extent feasible; to (1) increase the understanding and orientation of Asian peoples toward the free world and (2) expose the menace of Chinese Communist imperialism and world Communism.

d. In our determined efforts to oppose Communist aggression and expansion, take care to emphasize to

Asians that we stand for positive constructive actions and objectives and that we are animated by a desire to further the interests, welfare and freedom of the Asian people themselves.

13. In order to avoid enhancing the prestige and power of Asian Communist regimes and in order to retard, within the limits of our capabilities, the economic progress of these regimes and to exploit weaknesses in their position, the U. S. should:

a. Continue to refuse recognition of the Chinese Communist regime and other Asian Communist regimes and avoid actions which might contribute to their international standing and prestige.

b. Continue to oppose the seating of any of these regimes in the United Nations, its agencies, or other international organizations.

c. The United States should continue to apply its financial control against, and its embargo on trade with, Communist China and north Korea, and its embargo on exports to north Viet-Nam.*

d. Urge other free world countries to maintain the current level of export controls on trade with Communist China. In support of this effort, the United States should, without frustrating the

* This recommendation is identical with paragraph 49-c of NSC 5906.

multilateral embargo program, endeavor to handle questions of routine exceptions in such manner as to preserve and foster the willingness of other countries to retain the present level of controls.

e. Continue to determine our policy on travel of Americans to Communist China, north Korea and north Viet-Nam in a manner most conducive to the furthering of U. S. objectives and courses of action as set forth in this paper.

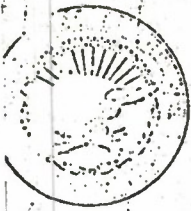
f. Utilize overt and covert means consistent with our broad political and military interests, to promote discontent and internal divisions within each of the Communist dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other.

g. Do not agree to GRC offensive actions against mainland Communist China, except under circumstances approved by the President. Agree to GRC actions against Communist China which are prompt and clear retaliation against a Chinese Communist attack, provided such retaliation is against targets of military significance which meet U. S. criteria as to feasibility and chance of success and which are selected with due consideration for the undesirability

of provoking further Chinese Communist reaction
against Taiwan and the Penghus.*

h. If any specific issues arise in our relationships with unrecognized Communist regimes where efforts at negotiation of these issues would seem to serve a useful purpose, be prepared to negotiate such issues.

* This is identical with paragraph 11 of NSC 5723.



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

Noted by Mr. Williams

14 July 1959

JOINT STAFF

MEMORANDUM FOR THE DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR HSC AFFAIRS AND PLANS

Subject: U.S. Policy in the Far East.

Reference: Memorandum for the HSC Planning Board
dated June 29, 1959, same subject.

Enclosure: Draft paper, "U.S. Policy in the Far East."

1. The Joint Chiefs of Staff have recently discussed a comprehensive study on the Far East prepared by the Joint Strategic Survey Council.

2. The enclosure herewith was prepared using that study and the reference. Also considered in the preparation of the enclosure were the Service comments on the reference; it is believed these Service views are reflected therein.

3. It is planned to introduce the enclosure at the Planning Board as a tentative JCS position on the subject, and recommend that it replace the reference as a starting point in the preparation of a U.S. Policy on the Far East.

C. O. KRIMMEL
Rear Admiral, USN
Special Assistant to the
JCS for HSC Affairs

Copy to: Colonel A. L. West (Office, D38C23).
Captain H. F. Holmshaw (CJ 614)
Colonel J. L. Weber (Office, D38 H&F)
Joint Strategic Survey Council

U. S. POLICY IN THE FAR EAST

GENERAL CONSIDERATIONS

A. DEFINITION OF THE AREA

1. The area under consideration comprises Japan, the Ryukyu Islands, Government of the Republic of Korea, the Government of the Republic of China, Indonesia, the Philippines, Thailand, Viet Nam, Laos, Cambodia, the Federation of Malaya, Burma, Communist China, North Korea, and North Viet Nam. For the purposes of this paper, the area will be referred to as the "Far East."

B. THE PRIMARY PROBLEM

2. The primary problem of U.S. policy in the Far East is to cope with the serious threat to U.S. security interests which has resulted from the spread of Communist power over all of Mainland China (including Tibet), North Korea, and North Viet Nam and which threatens other areas of the Far East.

C. FACTORS CONTRIBUTING TO THE PROBLEM

WITHIN COMMUNIST COUNTRIES

3. The regime in Communist China has established and consolidated effective control over the mainland and has maintained and developed close working relations with the Soviet Union. It poses a constant threat to the other nations of the Far East. While there is now no reason to anticipate an early collapse of the regime nor any means of foreseeing when one might occur, inherently such regimes have elements of rigidity and instability which sometimes produce crises. The United States must be ready to exploit any opportunities which might occur as a result of any internal weaknesses.

4. The Communist regimes in North Korea and North Viet Nam have established effective control over their respective areas and represent a constant threat to their free-world counterparts and other nations of the region. Both depend heavily on support of all kinds from the Sino-Soviet Bloc.

5. A fundamental source of danger we face in the Far East derives from Communist China's rate of economic growth which will probably continue to outstrip that of free Asian countries, with the possible exception of Japan.

In view of both the real and the psychological impact of Communist China's growth and the major effort of the Soviet Union to gain influence in the less developed countries with aid and promises of quick progress under Communism, emphasis should be placed upon economic growth of the free Far East countries, but this cannot be at the sacrifice of adequate security measures, for, without security and the stability and confidence deriving from security, real economic progress will be unattainable.

WITHIN FREE WORLD COUNTRIES

6. That portion of the Far East not under Communist control does not represent a unified area. Rather, it is characterized by inter- and intra-national stresses and strains that almost defy solution by orderly processes. Age-old fears, jealousies, and suspicions aggravated by World War II scars and memories inhibit efforts toward developing cohesion among the nations.

7. In Southeast Asia the intense nationalist feelings, fed by residual resentments against European colonialism, coupled with a wide-spread feeling of weakness and inadequacy in the face of the world-wide power struggle, inhibits certain of the countries from cooperating closely with the United States. They are vulnerable militarily, and in varying degrees, politically, economically, and psychologically, to Communist expansionist efforts. At the same time, deep-seated antagonisms and differing assessments of the threat divide them and severely hamper efforts to combine their collective resources for their own defense and welfare. Most of the nations are on a marginal subsistence basis economically and depend heavily on outside aid. Their efforts toward economic stability are hampered by lack of trained technical and administrative personnel, and their people are restless and impatient because they ^{have} / not realized the dramatic improvements in their standard of living that they expect. They are politically naive and have few leaders sufficiently experienced to provide proper administration. Governments rise and fall with alarming frequency.

8. On the other hand, a possible source of strength for the free world position in the Far East is nationalism, a dominant force in Asia which is directed towards the preservation of national independence and against those who are seen as trying to subvert or abridge independence. Although there is still considerable lack of popular understanding in the free Far East regarding Communism, there is increasing recognition, particularly among responsible leaders, of the nature of the Communist menace to national independence and ways of life. There is increasing determination and capacity to resist Communist encroachments.

WITHIN THE UNITED STATES

9. The U.S. faces a delicate problem in presenting its Far Eastern policy to the world. A U.S. policy will not be very sympathetically received if it is presented in the purely negative terms of preventing Communist expansion or the reduction of its power. At the same time, difficulties of the United States are multiplied by the way the Sino-Soviet Bloc reveals the over-all Communist policy to the world. For example:

a. The Sino-Soviet Bloc is a unicenter power system similar to that of any totalitarian despotism. This system of control enables the USSR and the Chinese Communists to present a single picture, world-wide, at any given time and to shift rapidly its two faces that are presented to the world, from hard to soft and the reverse. This is in the Leninist tradition of presenting to the opponent calculated periods of tension and relaxation, thus testing the opponent's will to remain firm in the face of threats; and continually to disappoint non-Communists' hopes for a peaceful solution to the problems between the two Blocs.

b. The government in Peking is making the area outside mainland China the battleground in conducting propaganda, subversive, political and military operations.

10. As a result, the Free World finds itself continually facing threats and Communist activity within its own territory without being able to penetrate into Peking's territory. The United States is further penalized by the fact that it must deal within the framework of a pluralistic society that at any given time may expose grave disagreements among its members to the world at large. It can be argued that the Cold War is actually being fought out under two or more sets of rules governing the activities of the opponents.

11. The problems associated with United States non-recognition of the government of Communist China and its exclusion from the United Nations are ever present, and the evolution of the situation may not meet the convenience of the United States. Time is on the side of the Chinese Communists and unless the United States takes some positive action to weaken or disrupt their control the regime will further consolidate its position. If they continue to gain strength internally and their respectability grows among other nations, it may be expected that the United States will eventually be faced with a very difficult reassessment of its policy toward Communist China in an unfriendly climate of world opinion.

12. U.S. courses of action are sometimes developed around the person of the head of a government rather than the government itself. This is especially true where the United States has sponsored President Chiang Kai-shek of the ROC, President Syngman Rhee of the ROK and President Ngo Dinh Diem of South Vietnam. In the case of these three nations, the U.S. appears to view the heads of government as being synonymous with the government itself. These men have come to power as a result of armed conflict, are firmly entrenched, and, in practice, their systems do not allow a change of chief executives through peaceful constitutional processes. The United States thus finds its hands without room to maneuver politically in dealing with these countries, since negotiations are with the Chief Executives whose actions may or may not be influenced by public opinion. The United States is so closely identified with and committed to Presidents Chiang and Rhee, in particular, that the

timing of major policy changes toward either of their countries is dependant upon the death or retirement of the respective president. Since the three men are firmly sponsored by the United States, policy failure to support them in the international arena, or to allow them to be overthrown violently by the opposition in their countries, would have undesirable repercussions not only in the nation-itself but throughout the world. United States policy in the future should seek to avoid such personal commitments and should be aimed toward the development of governmental institutions in the countries of the Far East that can survive changing chief executives with little or no disruption.

13. The task of the United States in coping with the situation in the Far East is complicated by the divergencies on policy with its European allies. This is particularly important with respect to the posture of the United States toward China and the extent to which political and economic pressures can be applied against the Communist regime in Mainland China. British, French, and Dutch interests still in the area must be taken into account.

14. The United States must meet total hostility on the part of the two major power centers of the Far East, the Soviet Far East and Communist China, projected into the areas under Free World control. The United States must gain and retain the uneasy and in many cases half-hearted allegiance of those countries in the Far East outside the Soviet Bloc. Certain past actions have not only failed to further U.S. interests but perhaps have hindered. For example:

a. There is a lack of logical coherence, discernible to the Asians who are presently friendly to the United States, or uncommitted to either side; and,

b. The United States has attempted to gain adherence to the U.S. position by stating the requirements in terms of joining the United States.

15. The peoples of Asia concede that Communist China has exhibited a total hostility toward the United States. They are equally ready to admit that the U.S. harbors an intense dislike of the Chinese Communists. They would probably go further and say that the United States hates Communist China. However, they are unable to rationalize this apparent U.S. hatred of Communist China with U.S. actions aimed at that country. In their view, if the hostility is so complete on both sides, the United States should be willing and ready to seize every opportunity to embarrass Communist China economically and politically and at the same time to support, if not actively engage in, any military activities against Communist China to insure the defeat of that country. Yet, they find that the United States broke off its action in Korea short of a complete defeat of the enemy; that it used its efforts in Korea short of a complete defeat of the enemy; that it used its efforts in Indochina to force upon an ally a peace that appeared as a political victory for the Communists; and, that the United States actively discourages actions against Communist China and against Communists elsewhere in Asia on the part of Syngman Rhee, Chiang Kai-shek, Ngo Dinh or others. At the same time military action is being discouraged, the United States is attacking, by words only, the Communist Chinese. As a result, the Asiatics are inclined to feel that the United States has a powerful emotional dislike of the Chinese Communists while at

the same time it is physically afraid to translate that dislike to a trail of strength. They therefore can see no logical end result to be achieved through U.S. present policies, and no benefits to themselves in actively joining the United States.

16. The U.S. attempts to gain and hold the support of the free nations in Asia have been less successful than might be expected, due at least in part, to its attempts to persuade the other nations that they should join the United States in its holy war against Communism, regardless of the self interest of the individual Far Eastern countries. Such an approach has placed a needless strain upon the political friendliness of these countries for the United States. Almost without exception these nations could be shown that the basic clashes between the Chinese Communists and the United States are due to the championing by the United States of the Free Nations on the periphery of Asia, and its support of their freedom and national aspirations. We must strive to increase these Asians' understanding that the self interests of the United States and those of the non-Communists Asian people are mutually compatible.

17. The maintenance of any effective military installation in a foreign country requires the acceptance by the government of the need for such installation and cooperation on the part of that country. Base agreements and security treaties establishing these working relationships, to be effective, must be sensitive to these requirements.

18. The United States could, without fear of loss of position, allow its Asiatic policy to be guided by the consensus of the vital interests of the Free World nations of the area, vis-a-vis Communist China and the Asiatic USSR. This does not mean that today there exists an agreed consensus of the common interest of these free nations. At this time, these nations have never attempted to derive a statement of these common security interests. Their criticism of U.S. policy and U.S. methods of handling its policies are unilateral criticisms. The critical comments may have certain points of similarity, but basically they are competitive among themselves as well as critical of the United States. As long as the U.S. continues to try to persuade the countries in the Far East to support the position of the United States, rather than demonstrating that resistance to the Sino-Soviet Bloc is in their own enlightened self interest; and as long as the United States does not show clearly why it is in basic disagreement with the Soviet Union and Communist China over Asia, it can expect to be the target of a continuous clamor of criticism from its friends.

D. U.S. ROLE IN THE FAR EAST

I. POLITICAL

19. The underlying purpose of U.S. assistance in the region is to aid in the development of governments whose objectives do not conflict with the vital interests of the United States. To this end it is necessary to help them develop more effective political organizations, strengthen their internal administration, and promote greater allegiance in both urban and rural districts and among the various ethnic groups present in certain of the countries. Efforts must be made to identify regimes that offer possibilities of stability and these possibilities must be developed. Where a regime appears foredoomed because of graft, corruption, or other reasons, the United States should seek through reorientation to develop it or to influence the establishment of one that does offer some hope for the future. In so doing, the United States should not identify itself indissolubly with the person^{of the} ruler but rather should aim toward the development of a system and institutions that can survive changing chief executives with little or no disruption of orderly governmental function. This normally involves a decentralization of authority to a degree unheard of in most, and presently unacceptable in some of the nations.

20. Where certain objectives, policies and processes of a non-Communist state coincide with those of Communism, that should not necessarily be considered sufficient reason for the United States to seek change. The primary concern should be only that the government, irrespective of the form it takes, not be oriented toward or actively support, aid, or abet the Sino-Soviet Bloc. To assist the nations to develop political stability, the United States should support indigenous courses of action that accomplish the following:

a. Development of a governmental system acceptable to the people of the nation and not influenced by Communism.

b. Governmental capability to plan for and make the best use of its own resources and those made available to it from outside sources.

c. Cooperation between neighboring governments.

21. The cold war contest in Asia is for the minds of the people. This creates the requirement to expand U.S. influence into the Communist dominated areas while at the same time restricting any expansion of Communist influence into the Free World areas.

22. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U.S. strategic objectives. Where new opportunities for affiliation develop, they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U.S. interests even though they are not formally aligned with the United States.

23. The sometimes differing requirements of U.S. political and military objectives respecting certain countries create complications. There is a tendency to lump the two objectives together, create a MDP requirement and Defense Support requirement in the name of national security, where the issues are really political and no real security interest is involved, thus seriously diluting the U.S. military aid program worldwide, without providing for U.S. military security. This situation does not in any way abrogate the requirement for mutually supporting military and political policies. It does suggest, however, that there be a clearer demarcation between political and military programs, so that the reasons for each program are clear, and the programs are more effective. This is important overseas, and is also of grave importance domestically in gaining support in Congress and among the American people.

24. In the event of aggression against a state, the provisions of the U.N. Charter or the SEATO Treaty should be invoked, but the United States should not forego necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

II. MILITARY

25. Because of the limited resources of the countries, it will be necessary for the United States to continue to help them develop armed forces capable of maintaining internal security and of, at least, limited resistance to external aggression. Efforts should also be undertaken to encourage the countries to combine their collective resources for their own defense. For the foreseeable future, local will to resist will depend greatly on a conviction that the United States will continue its support and will maintain a military posture in the Far East that will permit it to assist in countering aggression.

26. Where national independence of any of the friendly Far East nations is threatened, the United States should be prepared to promptly provide military assistance.

27. In order to preserve the territorial and political integrity of the area, the United States must guarantee the security of the nations against internal Communist overthrow and external threats of aggression. To do this, the United States must maintain its own power position in the Far East as

assurance to the nations that it is prepared, and intends to support them with military force if necessary.

28. There are means open to the United States to reduce Communist China's influence in the Far East and at the same time undertake positive action to counter the Communists' threats and their use of force in the area. One of these would be provision in the U.S. long-range policy for support of some form of military activities by certain nations against Communist China, North Korea and North Vietnam. These actions, which could include reconnaissance in force, nuisance raids, probes, limited objective attacks and actions to rectify boundaries would be carried out without overt U.S. support. In such situations it is improbable that the USSR, with the miscalculation on Korea still fresh in its memory, would overtly participate. This fact, plus the lack of capability of the opponents to destroy one another without big power interference, would tend to:

a. Limit the size of the conflicts;

b. Put strains upon the relations of the Chinese Communists and the USSR;

c. Keep the Bloc satellites, North Korea and North Vietnam, off balance;

d. Be a sporadic drain upon the resources of Communist China

(and to a lesser degree upon the USSR) to supply these countries.

This would not be a wholly new policy, but a return in general to the one adopted by the United States toward the CRC operations against Communist China prior to the Korean War. Since it is obvious that neither purely defensive moves made to meet actions initiated by the Communists, nor concessions made in an effort to appease them will relieve the tensions or resolve the issues in the area, it is possible that condoning the military activities would regain for the Free World a certain degree of initiative in the Far East.

III. ECONOMIC

29. The need throughout most of the area for economic development provides the greatest possibility for the exertion of outside influence - either by the Free World or by the Communist Bloc. Without considerable external help from some source, most of the governments of the area will be unable to satisfy the political demand for rapid improvement in their standards of living and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist Bloc. The outcome may be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the Southeast Asian export problems. The dramatic economic improvements realized by Communist China over the past ten years impress the nations of the region greatly and offer a serious challenge to the Free World. Flexibility of U.S. procedure and rapidity of U.S. action is of increasing importance if effective advantage is to be taken of unexpected and transient opportunities.

30. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist Bloc, and to give their peoples a greater stake in the continued independence of their countries.

31. The governments and peoples of the nations must be made to realize that the United States is seeking to develop indigenous economies to the point of their being self-sustaining with a minimum of outside aid, and that prospects for a healthy and viable economy depend upon association with Free World nations rather than with those of the Sino-Soviet Bloc. United States courses of action must be so designed as to create favorable public impressions immediately and to maintain public support to fruition. To combat the effects of Communist aid programs, the United States must have programs of its own

that are actively and openly competitive with those of the Bloc and are more acceptable to the recipients than are the Bloc's. Effective use must be made of grant aid to produce immediate and impressive results that are continuing and progressive in nature and that are readily seen and understandable to the mass of the people, and loans should be as unrestrictive as feasible in terms of use, time, and method of repayment. In the administration of its aid programs, the United States must be prepared to take prompt action to exploit any advantage or to counter any disadvantage that might present itself. In order to strengthen the non-Communist governments of the area and to forestall their economic dependence on the Communist Bloc, the United States should seek measures that:

- a. Provide economic and technical assistance as necessary to obtain U.S. objectives.

b. Serve to improve the climate for private investment, both domestic and foreign, and to encourage the maximum investment of United States private risk capital in the area consistent with the prevailing climate.

c. Encourage the nations to contribute resources and to cooperate multilaterally to promote the economic growth on an area or sub-area basis.

32. In the field of technical assistance and economic development, one of the major problems which must be solved is the delay in decision and implementation in Washington. Such delays are the greatest single source of complaint on the part of receiving countries and present an unfortunate contrast to the frequently rapid responsiveness of the Soviet Bloc to requests from less developed countries.

E. OBJECTIVES

33. The principal objectives of the United States in the Far East are:

a. Strengthening of the United States power, position, and prestige in the area.

b. Enhancement of the power, position, and prestige of the free world countries of the area.

c. Preservation of the territorial and political integrity of the free world countries against further Communist expansion or subversion.

d. Reduction of Chinese Communist power and prestige.

e. Disruption of the Sino-Soviet alliance.

F. POLICY GUIDANCE

I. POLITICAL

34. With respect to the Free World area of the Far East, the U.S. over-all policy must be the unwavering support of territorial and political integrity against direct aggression, or subversion by the Communists and, at the same time, support the development of a mutuality of interests among the free Asian nations and between them and the United States.

35. The United States over-all policy toward the Sino-Soviet Bloc in Asia must in turn be an unwavering opposition to the efforts of the Sino-Soviet Bloc to expand its territorial or political hegemony in Asia or the Western Pacific.

36. In the event of Communist overt armed attack or imminent threat of such attack against any country in the area not covered by a security treaty to which the United States is a party, the menace to U.S. security interests would be so grave as to justify the President, to take necessary action, including the use of U.S. armed forces, to deal with the situation. In each event, the United States should consider the advisability of taking the issue before the United Nations.

37. If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the United States should view such a situation so gravely that, in addition to giving all possible covert and overt support within the Executive Branch authority, the President should consider taking additional action, including the use of U.S. military forces.

38. Continue to recognize the Government of the Republic of China as the only legal government of China and its right to represent China in the United Nations, UN agencies and other international organizations; seek to obtain increasing international support for the GRC and otherwise take steps to maintain and advance its international standing.

39. Continue to refuse recognition of the Chinese Communist regime and other Asian Communist regimes and avoid actions which might contribute to their international standing and prestige, such as the seating of any of these regimes in the United Nations, its agencies, or other international organizations.

40. If any specific issues arise in our relationships with unrecognized Communist regimes where efforts at negotiation of these issues would seem to produce a net advantage to the U.S., be prepared to negotiate such issues.

41. Promote the tenure and standing of friendly governments which are striving earnestly for economic and social advancement.

42. Consistent with our continuing aim of encouraging democratic growth, especially respect for basic human rights, encourage the establishment of strong responsible executive-type governments, taking care to avoid alighting ourselves irrevocably with one man as head of the government.

43. Show respect and understanding for the foreign policy position of any free Far Eastern country, whether allied or neutral, provided that country is striving to maintain its independence from Communist domination or subversion.

44. Respond in a timely and effective manner when host countries seek adjustments in arrangements governing the stationing of our forces. Stress the mutuality of interest and responsibility which devolves on local governments.

45. Continue to seek appropriate means to bring about an understanding by the Free World nations of the Far East of nuclear warfare.

46. Encourage the growth of regional and Free World cooperation through such measures as support for the ~~Commonwealth of the Pacific~~ and regional undertakings.

47. Seek to allay animosities between various free Far Eastern countries, urging moderation and mutual respect between parties to the dispute and taking an active role as channel for communication and supplying good offices where that would serve our general interests.

48. As feasible, utilize overt and covert means to promote discontent and internal divisions within each of the Communist dominated areas of the Far East, and to impair their relations with the Soviet Union and with each other.

49. Compatible with the security of U.S. citizens while abroad, permit travel of Americans to Communist China, North Korea, and North Viet Nam.

50. As one means of seizing the initiative in the Far East, the United States should, at a propitious time, permit and support certain forms of military activities by certain nations against Communist China, North Korea and North Viet Nam. These actions could include reconnaissance in force, nuisance raids, probing actions, limited objective attacks, actions to rectify borders, or any other form that may be appropriate as conditions warrant.

51. Agree to GRC actions against Communist China which are prompt, clear, and proper retaliation against a Chinese Communist attack.

52. In its Pacific role, the United States should be less influenced by its European allies than in respect to Atlantic affairs.

II. MILITARY

53. Ensure a strong U.S. military position in the West Pacific area, providing for the security of the Pacific island chain, (Japan Sea, South Korea, East China Sea, Taiwan, South China Sea, Kra Isthmus) and capable of effectively fulfilling all our treaty commitments in the Far East.

54. Promote and strengthen our multilateral (SEATO, ANZUS) and bilateral (with Korea, GRC, Japan and the Philippines) defense arrangements in the West Pacific and develop wider understanding of common purposes among all our allies and other friends in the Far East.

55. Through the Mutual Assistance Program and other measures, assist in the maintenance of Free Asian military forces for the purpose of (1) maintaining internal security, (2) identifying and delaying Communist aggression, and (3) together with U.S. and other allied military power, coping with or deterring Communist aggression.

III. ECONOMIC

56. Be prepared to furnish economic and technical assistance on a continuing basis over an extended period of time as can be used effectively (1) to supplement the domestic resources of certain countries receiving military assistance to enable them to carry an otherwise insupportable defense burden without politically disruptive economic deterioration, and (2) to promote the steady economic development of free Asian countries at a rate adequate to give their peoples a sense of present progress and future hope and to strengthen their orientation toward the Free World.

57. Continue to assist in the economic development of the area on a bilateral basis, while encouraging useful projects that have regional aspects; however, if there should develop genuine initiative and support by most of the countries in the area for a regional lending or other economic development institution, and if the countries concerned are disposed to cooperate and to put substantial resources of their own into it, the U.S. should encourage such a proposal.

58. In the administration of the grant aid program emphasize projects which will produce immediate and impressive results that are continuing and progressive in nature, and that can be readily seen and understood by the masses of the people. Loans should be as unrestrictive as feasible in terms of use, time, interest and method of repayment.

59. Encourage other free nations to contribute available resources to promote the economic growth of free Far Eastern countries.

60. Encourage private investment to provide an increasing share of American investment capital and technical know-how required for economic growth; and encourage less developed countries to improve their investment climate for attracting U.S. capital.

61. Encourage free Far East countries to orient their economies toward the Free World and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development and atomic development.

62. Take all feasible measures to increase the opportunities of such countries for trade with each other and with the United States and other Free World countries, bearing in mind that these countries' long-range political and international orientation is likely to be influenced by the degree to which they have fair access to U.S. markets.

63. In administering P.L. 480 in the area, due regard should be shown to Asian reliance on traditional markets for the disposal of commodity exports; utilize local currency proceeds to the best advantage in support of projects furthering U.S. interests.

64. The United States should continue to apply its financial control against, and its embargo on trade with, Communist China and North Korea, and its embargo on exports to North Vietnam.

65. Urge other Free World countries to maintain the current level of export controls on trade with Communist China. In support of this effort, the United States should, without frustrating the multilateral embargo program, endeavor to handle questions of routine exceptions in such manner as to preserve and foster the willingness of other countries to retain the present level of controls.

66. In administering the technical assistance and economic development programs eliminate to the extent feasible delays in decision and implementation.

IV. INFORMATIONAL AND EDUCATIONAL

67. Develop and strengthen informational, cultural, education and exchange programs.

68. Make a special, sustained effort to promote the education of an expanding number of technically competent pro-Free World civilian and military leaders, working bilaterally or through such multilateral groupings as the UN and Colombo Plan; and stress the importance of developing adequate managerial and executive skills.

69. Ask, by all appropriate means, utilizing Asians to the greatest extent feasible, to (1) increase the understanding and orientation of Asian peoples toward the Free World and (2) expose the menace of Chinese Communist imperialism and world Communism. In our determined efforts to oppose Communist aggression and expansion, take particular care to emphasize to Asians that we stand for positive constructive actions and objectives and consistently stress the self interest, welfare and freedom of the Asian people themselves which will result from their opposing Communism.

OPERATIONS COORDINATING BOARD
Washington 25, D. C.

August 12, 1959

REPORT ON SOUTHEAST ASIA (NSC 5809)

(Approved by the President, April 2, 1958)

(Period Covered: From May 28, 1958 through August 12, 1959)

A. Adequacy of U. S. Policy in Mainland Southeast Asia (NSC 5809)

1. Review of policy with respect to Singapore is recommended on an urgent basis, in order to provide guidance for the new situation which has developed in Singapore with the granting of internal self-government and the victory of the leftist People's Action Party on May 30, a development adverse to U. S. and free world interests. If this revision of policy is made, the review of U. S. Policy Toward the Far East (NSC 5429/5) should be kept in mind.

B. Summary Evaluations of Progress made in Accomplishing U. S. Objectives

2. There has been substantial progress toward meeting the objectives of NSC 5809 in most of the mainland countries of Southeast Asia. In Singapore, however, left-wing political elements won an overwhelming electoral victory. Friction between Cambodia and its pro-U. S. neighbors adversely affected Cambodia's relations with the U. S. for some months but subsequently there was noticeable improvement. There has been an increased awareness of the communist threat. This increase was given new impetus by recent events in Tibet. The resolution of all governments in the area, except those in Singapore and Cambodia, to take a firm line in response to this threat was reflected in the political developments described below. United States political, economic, information and military assistance programs have played a significant part in these developments.

Regional cooperation in Southeast Asia has improved as a result not only of our own efforts to promote political and economic cooperation and to reduce specific areas of discord, but also because of increased Asian awareness of the Sino-Soviet threat and of the material benefits possible from regional development. This favorable trend has been facilitated by the fact that the Southeast Asian leaders feel able to work with one another due to similarities in governmental practice and political philosophy. Aggressive Chinese Communist policies in Tibet and elsewhere in Asia have given them a sense of urgency to draw together regionally. The United States has

unobtrusively encouraged these developments and supported some regional projects such as malaria eradication, a telecommunications system and the construction or improvement of trans-border highways, taking care to leave the initiative with the Asian leaders

4. Cambodia. A resurgence of severe tension in relations between Cambodia and its neighbors, particularly Viet-Nam, resulting from Cambodian conviction of Thai and Vietnamese involvement in two abortive anti-Sihanouk plots, threatened seriously to frustrate United States objectives in Cambodia during the early months of 1959. Primarily because of our close association with the anti-communist governments of Thailand and

Viet-Nam, the Cambodians also harbored strong suspicions of United States complicity in the coup plots and anti-American sentiment reached alarming proportions in February and March. The Communists profited from the situation by actively identifying themselves with the Cambodian side in the dispute and by the fact that preoccupation with opposition movements supported by Thailand and Viet-Nam further distracted Cambodian attention from the threat of internal communist subversion. Communist influence in public information media continued to grow, although there is recent evidence of official alarm and attempts to right the balance in favor of a more strictly "neutral" news presentation. Repeated United States disclaimers of support for anti-Sihanouk activities, sympathetic United States responses to two messages from Prince Sihanouk, visits to Phnom Penh by high American officials and Cambodian fear of alienating the U.S., have recently improved relations. At the same time, continuation of our economic and military aid programs during the period of stress probably had a favorable effect on the Cambodian Government. In this context, relations between French and U.S. officials in Cambodia have improved resulting in better cooperation in our mutual efforts to further free world objectives. No further significant moves were made by Cambodia toward the Sino-Soviet bloc. Relations with Thailand became more cordial and the deterioration in Cambodian relations with Viet-Nam was halted. These developments followed by elimination of anti-Western persons from the cabinet, point to a pro-West oscillation in Cambodia's orientation.

5. Laos. Progress has been made in furthering United States objectives in Laos, particularly with reference to the strengthening of Lao political leadership, the improvement of Lao relations with other Southeast Asian countries, and in providing for the training of the Lao National Army. Since the grant of special powers in January to a new cabinet, there are indications that the prestige and morale of the Communist Neo Lao Hak Xat have deteriorated, while those of the non-communists have improved. Stresses and strains continue between the older conservative leaders in the Lao Hom Lao and the younger elements in the Committee for the Defense of National Interests although both groups continued to participate in the government and recently have evidenced greater willingness to cooperate in the face of the NLHX threat. For the first time since Laos became independent, the Lao Government has recently been in a position to consider the long term problem of developing the rural areas. For instance, through the rural aid program, means have been made available to provincial administrators to help villagers carry out small but important development projects. Resumption of communist guerrilla activities in July may reveal communist recognition of their inability to make progress by "soft" tactics in the face of the improving Lao Government position. However, the military situation remains unclear and there is no conclusive evidence as to the exact composition,

size and objectives of the attacking forces. Nevertheless, it is reasonable to assume that the attacks were at least supported by the North Vietnamese communists and that their minimum objective is the reactivation of the International Control Commission. Visits by the Foreign Ministers of the Republic of Viet-Nam, Cambodia and Thailand have served to improve the good relations of Laos with those countries and may pave the way for increased cooperation with Thailand and Viet-Nam. Strong British support of the Lao Government's opposition to communist efforts to reactivate the International Control Commission was another encouraging development.

Although the Lao Government appears to have handled the insubordination of the former Pathet Lao battalion at Xieng Khouang in a moderate manner, this episode gives cause for concern on two grounds: first, the Lao Army displayed a disappointing lack of capacity to control a small scale internal security problem when it permitted the battalion to escape; second, communist bloc threats relating to this episode raised the possibility that the bloc may be planning either an accelerated subversive effort in support of the Neo Lao Hak Xat or a more serious move in Southeast Asia. Discussions in Paris at the end of May resulted in a general reconciliation of French and American views on means of improving the effectiveness of the Lao National Army through American participation in training in a manner that the French Government can justify in the light of its responsibilities under the 1954 Geneva Accords. The Lao Government has accepted French-American proposals, and a joint training program has been initiated.

The generally increased pro-Western posture of Laos has included a greater appreciation of SEATO. However, neither the Lao Government nor the United States favors Laos joining SEATO at this time.

Monetary reform, including the adoption of a realistic rate of exchange and free convertibility of the Lao currency, was undertaken by the Royal Lao Government on October 10, 1958. The reform has been successful in virtually eliminating previously widespread financial and commercial abuses and in essentially holding the line on inflation. A number of serious financial problems for the United States and for Laos, which existed in varying degrees of importance prior to the institution of monetary reform, remain unresolved: (1) Lao Government revenues remain strikingly low while expenditures have increased, thus aggravating the already sizeable civil budget deficit; (2) dollar reserves have substantially declined and have only been maintained above the "safe" level by periodic injections of cash grant dollars; (3) with the exception of POL (petroleum and other lubricants) products the use of Procurement Authorizations for imports has almost entirely ceased.

1952 constitution, appointed a Constituent Assembly responsive to his wishes, and named a small, competent cabinet. The maneuvering of certain of his colleagues to improve their chances of supplanting him should his health fail has waned with the renewal of his vigor. He has used his power in such a way as to win public confidence. He has not succeeded in eliminating graft and corruption from government, nor has he furthered the development of democratic concepts and practices.

Sarit has stressed his desire to promote the economic development and the public welfare of Thailand. Efforts to promote foreign private investments have been initiated. United States technical and economic aid programs, as well as loans from the IBRD, DLF and Export-Import Bank, continue to provide a major impetus to Thailand's gradual economic progress. Although Thailand's economy is essentially sound its economic development continues to be hampered by basic deficiencies such as its dependence on fluctuating amounts of foreign exchange earned through agricultural exports which are subject to weather and market variations; its lack of investment and management experience; a weakness in public administration including budgetary management; and its inadequate transportation, communications and power facilities.

While some communist suspects arrested last October have been released, the government has maintained its active anti-communist policy, and the communists have been unable to resume public dissemination of propaganda. Some important arrests have been made recently but the Thai counter-subversion effort has not become sufficiently effective to stamp out covert communist party activities.

Sarit has frequently publicized the threat of communism and has declared Thailand's faith in SEATO. The Thai, who fear an expansionist mainland China, have welcomed such signs of United States resistance to communist pressures as our firm position on the Berlin issue and our immediate and effective reaction to aggressive Chinese Communist acts in the Taiwan Straits last year. While for defense purpose Sarit desires continued substantial military assistance, he has recently indicated a preference for primary emphasis on economic aid.

9. Viet-Nam . The Diem Government continued its strong political controls which, while seemingly necessary at the time because of the internal security situation, continued to antagonize some of the Vietnamese elite. The government has shown particular concern over an apparent intensification of communist terrorism and sabotage intended to interfere with Viet-Nam's economic progress and possibly to disrupt the forthcoming national assembly

elections. The government has undertaken or planned such countermeasures as the use of armed force, special military courts for the prompt trial of terrorists, the removal of peasants from isolated spots to larger villages, and the publicizing of internal security incidents to counteract the "peaceful" propaganda of the North Vietnamese communist regime. Vietnamese military forces have improved under the MAAG training program, but the continuance of training at present levels would be inhibited by any action of the International Control Commission arising from its opposition to the indefinite retention in Viet-Nam of certain United States military personnel originally sent out for equipment salvage work and now largely used to supplement MAAG personnel in training duties. This necessitates efforts to work out with the Canadian, British and Indian Governments an acceptable basis in consonance with the Geneva Accords for an increase in MAAG personnel adequate to replace the special mission personnel referred to above. Implementation of the United States aid project for re-training and re-equipping the Civil Guard has begun with the signing of the ICA project agreement with the Vietnamese Government and the despatch of ICA personnel to administer this project in Saigon. In spite of substantial U.S. assistance, economic development though progressing, is below that which is politically desirable.

THE SITUATION IN LAOS

THE PROBLEM

To estimate Communist capabilities and short-run intentions in Laos, and to estimate the reactions of Communist and non-Communist countries to certain contingent developments.

CONCLUSIONS

1. We believe that the Communist resumption of guerrilla warfare in Laos was primarily a reaction to a stronger anti-Communist posture by the Laotian Government and to recent US initiatives in support of Laos. We consider that it was undertaken mainly to protect the Communist apparatus in Laos and to improve Communist prospects for gaining control of the country. (Paras. 7-8)

2. The Communists probably believed: (a) that guerrilla warfare offered some prospects—at low risk—of promoting Communist objectives in Laos even if the Laotian Government received substantial moral and material support from the outside; and (b) that military forces which the West would be likely to commit inside Laos would be indecisive against the flexible Communist guerrilla tactics. (Para. 18)

3. We estimate that the Communists intend to keep the risks and the costs of their action on a low level and they are not likely in the near future to resort to large-scale guerrilla activity, at least so long as the UN fact-finding mission is in Laos. (Para. 19)

4. Most uncommitted and anti-Communist countries would probably support Western intervention in Laos if they were convinced that the Laotian Government's position was grave and that there was direct Communist Bloc support of the Laotian rebels. In that event, they would prefer that such action be taken under UN auspices. (Paras. 24-26)

5. Hanoi and Peiping have warned that any foreign military intervention in Laos would be considered as a direct threat to their national security. However, depending partly on the scale and nature of the military move, the Communist military reaction to the Western intervention, whether under UN, SEATO, or US auspices, initially would probably take the form of further covert North Vietnamese intervention rather than overt invasion. There probably would be less effort than at present to camouflage this intervention. This Communist action might, in the first instance, be limited to seizing substantial territory in Laos—such as Sam Neua and Phong Saly provinces—which we believe they could do under existing conditions with an aug-

mentation of present guerrilla forces, and then using this situation for political bargaining purposes. The Communists would probably be prepared to accept a prolonged and unresolved struggle, particularly if the country were geographically divided. If non-Asian forces were committed in Laos, the likelihood of an overt Communist invasion would increase.¹ (Para. 21)

6. If the Communists should come to believe that a Western intervention appeared capable of resolving the conflict and establishing firm anti-Communist control over Laos, they would then face the difficult decision of whether to raise the ante further, possibly to the point of openly committing North Vietnamese or Chinese Communist forces to the fighting. We estimate that both Communist China and the USSR wish to avoid serious risk of expanding the hostilities more broadly into the Far East or beyond. We believe, therefore, that the Communists would seek through various uses of diplomacy, propaganda, covert action and guerrilla

¹The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; and the Director for Intelligence, The Joint Staff, would delete this sentence, believing that it oversimplifies the factors which might lead to an overt Communist invasion:

warfare to cause the West to back down. If, however, the Communists became convinced during the course of a series of actions and counteractions that the US intended to commit major US combat forces into Laos, we believe that the odds would be better than even that the Communists would directly intervene in strength with North Vietnamese and possibly Chinese Communist military forces."² (Para. 22)

²The Assistant Chief of Staff, Intelligence, USAF believes that the likelihood of overt intervention by Chinese Communist or North Vietnamese forces would be significantly reduced if the Communists were convinced that the US would not limit its counteroperations in an expanding conflict to the territory of Laos.

³The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; and the Assistant Chief of Naval Operations for Intelligence, Department of the Navy, believe that the last sentence of this paragraph overstates somewhat the willingness of North Vietnam and Communist China to use major military force against the US in the Laos situation, and therefore would delete the sentence and substitute the following: "If these measures failed, North Vietnam, and possibly Communist China, might resort to at least a show of military force in a last effort to make these pressures on the West effective, and the risks of overt Communist military intervention would thus increase. In the end, however, the Communists would be unlikely to press such use of force to a point which in their estimation would approach serious risk of large-scale hostilities." The Assistant Chief of Staff for Intelligence, Department of the Army, would add the following clause: "particularly if they were convinced that the US would not limit its counteroperations in an expanding conflict to the territory of Laos."

DISCUSSION

I. COMMUNIST INTENTIONS IN LAOS

7. We believe that the initiation of Communist guerrilla warfare in Laos in mid-July was primarily a reaction to a series of actions by the Royal Lao Government which threatened drastically to weaken the Communist position in Laos. For a period of about one year after the November 1957 political agreements between the Laotian Government and the Pathet Lao, the Communist controlled party in Laos—the Neo Lao Hak Zat—attempted to move by legal political competition toward its objective of gaining control of Laos. The Laotian Government had taken counteraction which checked this effort. Moreover, the US had stepped up its activities to strengthen the Laotian Government, notably through the decision to send military training teams, and clearly was increasing its presence in Laos. The Communist advance in Laos was losing impetus. To the Communist world, the future probably appeared to be one of increasing political repression, declining assets, and a strengthened anti-Communist position in the country.

8. Hence we believe that the current crisis was initiated mainly in order to protect the Communist apparatus in Laos, to stop the trend towards Laotian alignment with the US, and to improve Communist prospects for gaining control of the country. Judging by Communist propaganda and diplomatic representations, and by the scale of guerrilla activities to date, it does not appear that the Communists expected by military action to overthrow the Laotian Government and seize control of the country. They may have believed that the government would be intimidated into immediate concessions, restoring at least a major part of the legal and political position which the Communists had enjoyed after the 1957 agreements between the Pathet Lao and the government. We think it more likely, however, that the Communists expected a renewal of strife in Laos to alarm the world at large and to produce a widespread demand for restoration of quiet, and that they hoped thus

to bring about through international action a return of the International Control Commission (ICC) to Laos. Under the ICC the Communists had enjoyed substantial advantages, and they probably expected to enjoy them again if the Commission returned.

9. Whatever their initial aims, the Communists undoubtedly were prepared to adapt their tactics and their objectives to the developing situation, and even to press on towards an overthrow of the government and control of the country if the prospects for such actions developed favorably. They may also have in mind, as a feasible intermediate aim, the re-establishment of Communist control over the provinces of Sam Neua and Phong Saly, and possibly the formation of a rival government in those areas as a springboard for future subversive efforts.

10. The Chinese Communists probably have certain interests in the present crisis in addition to those of North Vietnam. It is basic to Chinese Communist policy to oppose vigorously the strengthening of anti-Communist regimes in the area of their interest in Asia and to resist the strengthening of the US position anywhere on China's periphery. The Chinese Communists probably also wish to demonstrate to Southeast Asian governments, particularly the neutralist ones, that they cannot turn toward the West without serious risks. Although Peiping may well wish to emphasize its importance on the world scene and may regard the Laos crisis as useful for this purpose, this is probably no more than a bonus effect.

11. Soviet interests in the current crisis in Laos are more remote than those of Peiping and Hanoi. The USSR probably views the current actions of Hanoi and of the Communist guerrillas in Laos as a reasonable application of basic Communist revolutionary doctrine and in line with worldwide Communist interests. It is probably willing to let Peiping and Hanoi work out the details so long as the situation does not appear to risk major hostilities with the West. Moscow's propa-

ganda has concentrated on charging the Laotian Government with violations of the 1954 Geneva Agreements, but on the whole, Moscow has continued to follow a more restrained line than Hanoi or Peiping. Soviet restraint on this question is likely to continue at least as long as the current high-level East-West discussions are underway.

II. PROSPECTS FOR GUERRILLA WARFARE

12. Many conditions in Laos, especially in the northern provinces of Phong Saly and Sam Neua, are favorable for Communist guerrilla warfare. The country is mostly jungle covered mountains. It is sparsely populated. Most of the people live in small isolated villages connected only by foot trails and waterways. The few roads which do exist, except those in the immediate vicinity of the major towns, are little more than jeep trails. Furthermore, the supply routes from Hanoi into Sam Neua and Phong Saly provinces and into central Laos are considerably better than those from Vientiane. Air facilities in Laos are limited. The two primary airfields (Seno and Vientiane) have a year-round capability to support medium transports with limited loads. Three secondary airfields (Luang Prabang, Pakse and Xieng Khouang) can support light transport operations on a year-round basis. The remaining airfields are of marginal value, particularly during the rainy season. Communications facilities are inadequate even for minimum administrative requirements in peacetime. Vientiane has radio communication with the provincial capitals and the regional military commands. Most villages, army outposts, and self-defense units must depend upon runners for communication with higher authorities.

13. Current monsoon rains hamper Laotian Government military operations and logistic support more than they do Communist guerrilla operations. The rainy season generally slackens about mid-September to mid-October and is followed by a five-month dry season.

14. The social and political situation also offers favorable opportunities for Communist guerrilla and psychological warfare. The au-

thority of the Laotian Government has never been thoroughly established throughout the nation, due in part to the physical characteristics of the country and in part to a general lack of interest by the ethnic Lao governing elite, which is concentrated in Vientiane and Luang Prabang. People of Lao stock make up only half of the population. These considerations have inhibited the development of a Laotian national spirit, or identification with the central government. The common people of Laos, especially those in the villages, are superstitious and simple folk highly susceptible to rumors, propaganda and intimidation. Communist psychological warfare has been at least as effective as armed action in the current effort.

15. Government authority has been especially weak in the northern provinces of Sam Neua and Phong Saly which were under Pathet Lao control until late 1957. During the lull between the 1957 Laotian Government-Pathet Lao agreements on unification and the renewal of Communist guerrilla activity in mid-July of this year, the government had made only a beginning in the process of re-educating the population of these two provinces away from Communist influences, or away from their traditional trade ties with northern Vietnam. This is particularly true among the Kha, Mco and Black Thai tribal groups, whose mountainous domain straddles the Laotian-North Vietnamese border. These tribes, which make up about 50 percent of the population of Sam Neua and Phong Saly provinces, have traditionally been antagonistic toward the Lao people and government.

16. Most of the guerrillas in the northern provinces are ex-Pathet Lao soldiers, and Mco and Black Thai tribal people. Elements of the Pathet Lao battalion which refused integration and escaped to North Vietnam are probably involved. It is almost certain that many of the guerrillas now engaged have received training in North Vietnam, that some supplies and equipment for the current operations have been provided by North Vietnam, and that the guerrillas move into and out of North Vietnam as necessary. The total number of guerrillas involved up to the present is

relatively small—probably 1,500 to 2,000 at most. Although this may represent the major portion of guerrillas recently indoctrinated and trained for operations in Laos, the Communists probably have considerable additional potential strength. Although we have no conclusive evidence of participation by North Vietnamese, we believe it is almost certain some are involved in the guerrilla activity, particularly in coordination, communication, and advisory roles. Lao rebel capabilities are directly proportional to the amount of assistance provided them by North Vietnam.

17. We believe that if, under existing conditions, the Communists made a vigorous effort through guerrilla warfare to seize Sam Neua and Phong Saly provinces, they could succeed in doing so with an augmentation of present guerrilla forces by additional guerrilla forces and logistic support from outside Laos, and without involving the use of regular North Vietnamese units. Sam Neua town itself, which has special political and psychological importance for the Laotian Government, might be able to hold out for a considerable length of time, particularly if loyal troops elsewhere in the province conducted effective guerrilla action against the Communist guerrillas. However, problems of logistic support and morale, if not corrected, could lead to the fall or surrender of Sam Neua town. Although the loss of the two provinces and particularly of Sam Neua town would be a serious blow to the Laotian Government, we do not believe that it would lead to the collapse of the government's will to continue the struggle, particularly if it appeared that effective help would be forthcoming.

18. The considerations discussed in the paragraphs above probably caused the Communists to believe: (a) that guerrilla warfare offered some prospects—at low risk—of promoting Communist objectives in Laos even if the Lao Government received substantial moral and material support from the outside, and (b) that military forces which the West would be likely to commit inside Laos would be indecisive against the flexible Communist guerrilla tactics.

III. REACTIONS TO CERTAIN CONTINGENT DEVELOPMENTS

19. We do not believe that the Communists will resort in the near future to large-scale guerrilla activity, such as an attempt to take Sam Neua, at least so long as the UN fact-finding mission is present in Laos. The Communists will make special efforts to conceal evidences of outside participation and will probably reaffirm offers to negotiate political differences with the Laotian Government. Moreover, the US has already set in motion certain military preparedness measures in the Far East. It is possible that these or similar moves might cause the Communists to keep guerrilla activity in Laos at a low level for a considerable period.

20. If, however, Communist armed action increased in scale and effectiveness, either in the near future or at some later time, and if Laotian appeals for outside assistance did not result in quick and favorable response, it is probable that Laotian morale would rapidly decline and the will to resist would wither away. Such developments would have widespread adverse repercussions throughout neutral and non-Communist elements in Southeast Asia.

21. Hanoi and Peiping have warned that any foreign military intervention in Laos would be considered as a direct threat to their national security. However, depending partly on the scale and nature of the military move, the Communist military reaction to the Western intervention, whether under UN, SEATO, or US auspices, initially would probably take the form of further covert North Vietnamese intervention rather than overt invasion. There probably would be less effort than at present to camouflage this intervention. This Communist action might, in the first instance, be limited to seizing substantial territory in Laos—such as Sam Neua and Phong Saly provinces—which we believe they could do under existing conditions with an augmentation of present guerrilla forces, and then using this situation for political bargaining purposes. The Communists would probably be prepared to accept a prolonged and unresolved

struggle, particularly if the country were geographically divided. If non-Asian forces were committed in Laos, the likelihood of an overt Communist invasion would increase.⁴

22. If the Communists should come to believe that a Western intervention appeared capable of resolving the conflict and establishing firm anti-Communist control over Laos, they would then face the difficult decision of whether to raise the ante further, possibly to the point of openly committing North Vietnamese or Chinese Communist forces to the fighting. We estimate that both Communist China and the USSR wish to avoid serious risk of expanding the hostilities more broadly in the Far East or beyond. We believe, therefore, that the Communists would seek through various uses of diplomacy, propaganda, covert action and guerrilla warfare to cause the West to back down. If, however, the Communists became convinced during the course of a series of actions and counteractions that the US intended to commit major US combat forces into Laos, we believe that the odds would be better than even that the Communists would directly intervene in strength with North Vietnamese and possibly Chinese Communist military forces.⁵

23. The Communists would probably counter the unilateral introduction of "volunteers" or regular military units from South Vietnam and Thailand with the introduction of North Vietnamese "volunteers."

⁴ See footnote to Conclusion 5.

⁵ See footnotes to Conclusion 6.

24. The uncommitted and anti-Communist countries of the world would view with alarm a Communist takeover of Laos, but are fearful that a Western intervention in Laos might lead to the outbreak of a major war. Nevertheless, most of these countries, including most members of SEATO, would probably support such intervention if they were convinced of the gravity of the Laotian Government's position and of direct Communist Bloc support of the rebels in Laos. The findings of the UN Security Council subcommittee will almost certainly have an important influence in this respect.

25. If the uncommitted and anti-Communist countries accepted the need for intervention in Laos, they would prefer that such action be taken under UN auspices. If dispatch of a UN-led force were blocked by Communist diplomatic opposition, intervention by SEATO would probably be supported by most Free World countries despite the strong dislike of some neutralist nations for the SEATO concept. On the other hand, SEATO failure to move effectively in response to a Lao appeal for help would not only endanger the existence of SEATO itself but would seriously weaken the confidence of the non-SEATO states of Asia in the West's determination and ability to defend them from Communist attack.

26. US military intervention, such as the dispatch of troops to Laos, in the absence of broad acceptance of the need to intervene would probably have little support even among the anti-Communist nations. Our SEATO allies, however, would probably support us although most might do so with considerable reluctance.

Oct 20 1959

REFER TO I-16,041/9

MEMORANDUM FOR THE DIRECTOR, JOINT STAFF

ATTENTION: DIRECTOR OF INTELLIGENCE

SUBJECT: North Viet-Nameese Military Establishment and
Capabilities

The International Control Commission (ICC) has requested that the Government of Vietnam furnish them information regarding U.S. plans for reduction and/or phase out of TERM in Vietnam. The Department of Defense has requested that the Department of State obtain approval from the ICC for an increase in the MAAG ceiling before providing the information requested. The Departments of State and Defense have agreed that Canadian and Indian members of the ICC should be briefed and requested to support the U.S. position. In order to bolster the case for an expanded U.S. training program, it is requested that the Director of Intelligence, Joint Staff, prepare an estimate of North Viet-Nameese capabilities and appraise the unstable political and military conditions in Laos. It is recommended that the estimate be prepared with marginal notes indicating what information is releasable respectively to Canadian and Indian nationals.

(Signed) Charles H. Shuff

Deputy Assistant Secretary

OPERATIONS COORDINATING BOARD

February 10, 1960

SPECIAL REPORT ON SOUTHEAST ASIA (NSC 5809)

(Approved by the President, April 2, 1958)

(Period Covered: From August 12, 1959, through February 10, 1960)

ADEQUACY OF U.S. POLICY IN MAINLAND SOUTHEAST ASIA (NSC 5809)

1. The validity and implementation of U. S. Policy on Southeast Asia has been appraised and evaluated in the light of operating experience. It is recommended that the National Security Council review those parts of the policy which pertain to Cambodia and Laos. The basis for this recommendation is as follows:

Cambodia (Paragraphs 39 through 42)

2. The major difficulty is encountered in the present wording and context of paragraph 39. Owing to the evolution of political conditions in Cambodia over the past 18 months, this paragraph appears misleading in that it does not provide guidance for dealing with Prince Sihanouk and the political strength he represents, but rather implies that we should encourage non-communist elements whether or not they are opposed to Sihanouk. The latter has emerged with added power and prestige from the abortive coup plots and subsequent subversive activities mounted against him in 1959 by ostensibly anti-communist elements. In the process many of these elements were eliminated and the revelation of their real or fancied association with the United States and other free world countries undermined Cambodian confidence in U. S. motives and became an obstacle to the pursuit of our objectives. Moreover, Sihanouk has given further evidence of political astuteness in the domestic arena, has displayed increased alertness to communist subversion, and has shown no inclination to tolerate any challenge to his pre-eminence. Policy guidance, therefore, should be directed conspicuously and specifically at the problem of dealing with Sihanouk, by all odds the major single factor in Cambodia and the principal target of U. S. policy.

3. The other courses of action for Cambodia (paragraphs 40 through 42) remain valid, but fail to take into account the particular forms in which certain general problems are encountered in Cambodia. In revising the NSC paper, consideration should be given to the following additional points:

a. It would seem desirable to acknowledge the acute sensitivity of Cambodians to the U. S. attitude toward Sihanouk's brand of neutrality and to reinforce the general guidance on this question given as a regional course of action in paragraph 14 by more specific treatment in the country section.

b. Another problem which probably merits specific attention is the presence française in Cambodia. Guidance on U. S. policy toward the attempt to maintain French influence in Cambodia, and on the use of this influence in the furtherance of U. S. objectives, would appear desirable.

c. Paragraphs 40 and 41, dealing with U. S. aid, probably could be revised to reflect the fact that our military and economic assistance programs in sensitive fields are essentially preclusive in nature and to provide clearer guidance on the use of U. S. aid to prevent communist penetration.

d. Finally, the guidance on Cambodia's relations with its neighbors might be strengthened to reflect the greater significance this problem has assumed in recent months and consequently the more urgent need for the U. S. to exert a moderating influence.

Laos (Paragraphs 43 through 49)

*4. Both the internal political situation and the country's external relations have evolved considerably since NSC 5809 was approved (April 2, 1958), and the guidance contained in paragraphs 43 through 49 is not entirely adequate in the light of operational experience.

5. More specifically, our problem in the last few months has not been "to strengthen the determination of the RLG to resist subversion" (P. 43) or "to prevent Lao neutrality from veering toward pro-communism" (P. 44). Without minimizing the importance of these objectives, our immediate operational problem has been to persuade the Lao leadership from taking too drastic actions which might provoke a reaction on the part of the North Vietnamese and which might alienate free world sympathy for Laos--as for instance, outlawing and eliminating by force the NLHX, or taking a hard anti-communist position in international affairs.

6. Again, the events of the past summer have strengthened the belief of the Lao in the UN and have satisfied them that SEATO and, more importantly, the U. S. would come to their assistance in the event of armed conflict with the communist bloc. Therefore, the question now is not to

*See Attachment: Laos: Political Background.

"develop an attitude of confidence on the part of the Lao leaders" (P. 45) in UN, SEATO and U. S. support, but rather to make these leaders assume a greater sense of responsibility and take into account the international repercussions which their actions may cause.

7. The entry of the UN into Laos poses new problems but also offers new opportunities to satisfy the increasingly felt yearning for progress. It creates a new factor in Lao foreign relations which will henceforth have to be taken into account.

8. In summary, it is considered that the language of the policy paper no longer applies realistically to existing conditions in Laos and does not provide guidance for our position regarding the assumption of new responsibilities by the United Nations.

Attachment:

Laos: Political Background

LAOS: POLITICAL BACKGROUND

9. In April 1958 an electoral campaign was under way in which the Neo Lao Hak Xat, the communist-front party, was permitted to participate. The campaign was being fought for 21 seats to the National Assembly in fulfillment of a provision of the Political Agreement which had been signed between the Royal Lao Government and the communist dominated Pathet Lao the previous November. This agreement had also provided for the entry of two Pathet Lao leaders into the Cabinet. The Military Agreement, signed at the same time, provided for the integration of two Pathet Lao battalions into the Lao Army and the demobilization of the balance of the Pathet Lao forces. In sum, with communist and fellow-travelers permitted to enter the Cabinet, the administration, the army and the National Assembly, the fate of Laos appeared in the spring of 1958 to be cloudy indeed. The results of the elections, which were held in May, confirmed our fears. The Neo Lao Hak Xat and a satellite party won 13 of the 21 seats at stake, giving clear evidence of the party's strength and organization.

10. Since then, anti-communist elements have taken a firmer stand toward the NLHX and a take-over by peaceful means, which we may presume the PL anticipated and we ourselves feared, does not appear to be an immediate possibility.

11. The election results gave anti-communist patriotic elements a severe shock and in reaction the two major political parties merged into one (Rally of the Lao People), while a group of young, relatively better educated men in the government, military and business circles organized themselves into a so-called Committee for the Defense of the National Interests (CDNI). The CDNI's stated purpose was to support any Cabinet, political party and individual who worked in the national interests. The CDNI was strongly anti-communist.

12. In July 1958, the vacillating Souvanna Phouma, who negotiated with the Pathet Lao, resigned as Prime Minister and, in August, Phoui Sananikone formed a new Cabinet from which the Pathet Lao were excluded and which comprised representatives from both the Rally and the CDNI presenting a solid anti-communist front. This Cabinet, which was further strengthened in January 1959 by the inclusion of three senior army officers, tackled one by one some of the major problems which had been left pending by previous governments. It carried out monetary reform, a partial administrative shakeup, undertook various village aid and psychological warfare programs, and consented to have France and the United States implement a joint training program for its army.

13. In January 1959, the Prime Minister declared unequivocally before the Assembly that the government's foreign policy was pro-western and

anti-communist and, in February, declared that Laos had satisfied all the provisions of the Geneva Agreement. While the government has somewhat gone back on this bold stand and resumed an announced foreign policy of neutrality (with our encouragement), in fact it has continued to oppose the exchange of diplomatic missions with any communist country and at home has taken firm measures to counter and control the Neo Lao Hak Xat. The progress which the government was slowly making, its firmness toward this party, and the party's consequent lessening prospects of a peaceful take-over, have been considered causes for the events of the past summer. By reverting to armed subversion, the communists presumably sought to protect their apparatus and recover their influence which had been gradually eroded over several months.

14. The events of this summer brought world attention to focus on the situation in Laos. Domestically, they resulted in strengthening the anti-communist, anti-Viet Minh convictions of the Lao leadership. Internationally, they brought about the decision to establish an enlarged UN presence in the country which would permit world opinion to focus rapidly on the situation if new fighting were to break out. At the same time, the Lao gained a sense of reassurance that SEATO and, more meaningfully, the U. S. were prepared to stand by their country if it came to a showdown.

15. While it is not inconceivable that a Cabinet with neutralist tendencies might be created, such an eventuality is far less likely than in April 1958. Major elements of the Lao leadership are firmly committed to an anti-communist stand. Therefore, the major problem is no longer one of insuring an anti-communist government but rather one of giving the pro-western anti-communist elements cause for maintaining their position encouraging greater cohesion among them and reassuring them that their policies will permit their country to progress. This evaluation is strengthened by the recent political crisis of December 1959-January 1960 which brought about the downfall of Phoui and the creation of a new Cabinet under Kou Abhay. While Kou has made public declarations of neutrality (in consonance with our recommendations), all the Ministers on whom the Ambassador called have made clear that they would continue to look to close cooperation with the U. S. The Kou Government is charged with preparing Laos for new elections in the near future.

FOREIGN SERVICE DISPATCH

March 7, 1960

American Embassy SAIGON

278
Despatch

This document consists of 22 pages. Copy 14 of 25 copies. Series C
Department's Telegram No. 1339, January 29, 1960

D/ARMY

Special Report on Current Internal Security Situation

Enclosed is a special report prepared by a Country Team study group on the current internal security situation in Viet-Nam. A summary of this report and an analysis of the main factors in Viet-Nam's current serious internal security problem are given below:

Situation. Internal security, which improved greatly since the nip and tuck period from 1954-56 but which nevertheless has been a steady concern of the GVN over the past few years, has again become its No. 1 problem as a result of intensification of Viet Cong guerrilla and terrorist activities, weaknesses apparent in the GVN security forces and the growth of apathy and considerable dissatisfaction among the rural populace. The situation has grown progressively more disturbing since shortly after the National Assembly elections at the end of August 1959, despite the fact that President DIEM was claiming, up to the end of December, that internal security was continuing to improve. The monthly rate of assassinations rose substantially starting in September, and other signs of increasingly aggressive VC tactics such as ambushes of GVN security forces began to appear about the same time. The full impact of the seriousness of the present situation was brought home by a series of VC incidents in late January and February, particularly an attack on an ARVN regimental post near Tay Ninh, other smaller and less dramatic attacks on security posts elsewhere in the southwest and serious VC depredations in Kien Hoa Province.

President Diem and other GVN officials are now showing a reassuring awareness of the gravity of the situation. They have not permitted themselves to become panic-stricken, and there is no reason to become alarmist if prompt steps are taken to correct the situation.

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From Saigon

VC Intentions and Potential. Indications are growing that the VC are mounting a special campaign aimed at undermining the Diem Government. According to CAS sources, VC armed cadre strength has increased to about 3,000 in the southwest, double the number in September. VC groups now operate in larger strength, and their tactics have changed from attacks on individuals to rather frequent and daring attacks on GVN security forces. A recent CAS report has indicated a VC intention to press general guerrilla warfare in South Viet-Nam in 1960, and indicates the VC are convinced they can mount a coup d'etat this year. President Diem also told me in late February about the capture of a VC document indicating their intention to step up aggressive attacks all over the country, including Saigon, beginning in the second quarter.

These signs indicate that aggressively worded statements emanating from the DRV in 1959 may accurately reflect DRV intentions. In May 1959 the central committee of the Lao Dong Party passed a resolution stating that the struggle for reunification of Viet-Nam should be carried out by all "appropriate means". Subsequently in conversations with Western officials, Prime Minister Pham van DONG made statements to the effect that "We will be in Saigon tomorrow" and "We will drive the Americans into the sea".

It is not completely clear why the DRV has chosen this particular time to mount an intensified guerrilla campaign in South Viet-Nam. Several hypotheses have been put forward. The campaign may be part of general Chicom strategy to increase pressure on non-communist countries all along the southern rim of the Asian communist bloc. Several GVN officials, including President Diem, have said that the present DRV tactics may be related to the forthcoming East-West summit meeting, but they do not seem to be clear as to just what this relationship might be. Diem and others have also expressed the view that the DRV is aiming at disruption of the GVN's economic, social and security programs, many of which have been making steady progress while others, like the agrovillage program, threaten to weaken the VC position if carried out successfully. The DRV may also have been embittered by its failure to interfere successfully with the GVN National Assembly elections last August and resolved, as a result of this failure, to intensify activities in the South.

GVN Security and Political Weaknesses. At the same time that the DRV guerrilla potential has increased in the South, weaknesses have become more apparent in the GVN security forces. GVN leaders have in recent weeks stressed the need for more anti-guerrilla training of ARVN. The desirability of centralized command in insecure areas and a centralized intelligence service has also

become more evident. The need for a capable, well-equipped, well-trained, centrally-controlled Civil Guard is even more keenly felt than previously.

① Likewise, at the same time, signs of general apathy and
② considerable dissatisfaction which the VC can play upon have become more evident among the people in rural areas. Fear among the peasants engendered by sustained VC terrorist activities against which the GVN has not succeeded in protecting them is combined with resentment of the GVN because of the methods which are all too often employed by local officials. Coercion rather than suasion are often used by these officials in carrying out the programs decided upon in Saigon. There is a tendency to disregard the desires and feelings of the peasantry by, for instance, taking them away from their harvests to perform community work. The new agrovillage program requiring large numbers of "volunteer" laborers has accentuated this trend. Improper actions by local officials such as torture, extortion and corruption, many of which have been reported in the press, have also contributed to peasant dissatisfaction. Favoritism and fear of officials and members of the semi-covert Can Lao Party have likewise contributed to this situation.

Diem cannot be completely absolved of blame for this unsatisfactory situation in the rural areas. Considerable evidence has existed that he has not in the past kept himself properly informed of what is going on. Officials have tended to tell him what he wants to hear, largely because of fear of removal if they indicate that mistakes have been made or reply that projects which he is pushing should not be carried out as rapidly as he desires.

GVN Counteractions. Developments during the last month or so have, however, awakened Diem and other officials to the gravity of the present internal security and political situation. As already indicated, they are now emphasizing the need for increased anti-guerrilla training of the security forces. Diem also has indicated that he is establishing a special commando force with "volunteers" from ARVN, the Civil Guard and reservists who had guerrilla experience during the Indochina war. Diem has also stated that the new commander of the Fifth Military Region (the area of greatest insecurity) has been given full powers over all the security forces in that area, thus recognizing the need for centralized command rather than fragmentation of authority among the province chiefs.

Diem has also indicated that he is replacing local officials who are incompetent or have abused their power. He is placing

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renewed emphasis with these officials on the necessity of winning the confidence of the people and explaining to them the reasons for the government's programs. He has also indicated that he has ordered a slow-down in the construction of agrovilles, apparently in recognition of the indications that the people were being driven too hard to carry out this new program.

The Embassy's views on these countermeasures of the GVN as well as on certain other actions which should be taken have been expressed in a separate despatch. As the situation develops, the Embassy expects to make additional recommendations.

/s/Elbridge Durbrow
Elbridge Durbrow

Enclosure:

Special Report on Current
Internal Security Situation

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Special Report On Internal Security Situation In Viet-Nam

The Viet Cong attack on the Vietnamese Army installation near Tay Ninh on January 26 is a dramatic illustration of the increasingly aggressive tactics of the Viet Cong and of the difficulty the GVN is having in controlling the internal security situation. The audacity of the Viet Cong in conducting the attack, the likelihood of VC infiltration into ARVN, the indications of secret support of the VC by some of the local populace, the successful planning and coordination in carrying out the attack as opposed to apparent failure of ARVN which had been told there might be an attack to be sufficiently alert for such an attack and effectively counter once the attack had been launched, are indications of many of the problems faced by the GVN and discussed in this report.

Recent Viet Cong Activity

A. General Situation

The increase in Viet Cong activity in recent months can be traced back as far as the middle of September when the assassination and kidnapping rate began to rise. It will be recalled that the Government of Viet-Nam intensified its anti-VC measures during the spring of 1959 when it increased its forces engaged in internal security operations. These operations appear to have forced the VC to curtail their activities for a period of several months, regroup, strengthen and reorganize their cadres and establish new bases. The added precautions taken by the GVN during the period prior to and immediately following the August 30 National Assembly elections further suppressed VC activity. The two important exceptions to this relatively static period of VC operations are the acts of sabotage of farm machinery in May and June (which backfired because of peasant resentment) and the July attack on U.S. Army personnel at the MAAG detachment in Bien Hoa.

By September 1959 the VC position was somewhat as follows: The VC had failed to carry out their plans to disrupt the National Assembly elections. This failure placed the VC in a position of reasserting themselves in the countryside or facing a gradual decrease of their influence as the GVN improved security and pushed forward its social and economic reforms.

Reports reaching CAS indicated that the VC by September had become quite concerned over the possible effects of various GVN programs which were getting underway at that time. The GVN program for regrouping isolated peasants into communities was just beginning, the various youth organizations were becoming active in the villages and the new identity card program promised to create difficulties for many VC cadres who had been provided with false identity papers. The VC propaganda offensive against these programs, which was already underway during August, was intensified in September and VC harassment and violence

directed against GVN youth groups, project personnel and village officials began to rise.

B. Assassinations and Kidnappings

The figures presently available indicate that assassinations and kidnappings perpetrated by the VC and other dissidents got off to a slow start in September, '59. The date on which the GVN relaxed its post-election security precautions is not available at the present time, but the VC which committed only 7* assassinations and 4 kidnappings in the first 13 days of September subsequently intensified their activities and by the end of September the total for the month amounted to 22 assassinations and 34 kidnappings, according to evaluated data from various sources. From this point the figures have continued to rise to levels considerably above the average for the past two years. A chart prepared by the Embassy and based as nearly as possible on constant criteria, is included as Annex I to this report. Deaths or persons missing as a result of participation in armed combat are not represented on this chart. Since reports are still incomplete for November and December, the figures for these months are tentative.

Although a complete analysis of assassinations and kidnappings is not available at the present time, it has become fairly apparent that since last summer the VC have added the newly formed GVN youth groups to their list of prime targets which continue to include village officials and NRM cadres. The vast majority of incidents has consistently occurred in the Fifth Military Region with a small number reported in the First and Capital Military Regions. During September and October, the months for which final figures are available, An Xuyen Province topped the list for both assassinations and kidnappings, followed by Kien Giang, Kien Phong and Phong Dinh. Other Provinces in the Fifth Military Region, although far from peaceful, vary considerably from month to month.

C. VC Military Type Operations

VC activities involving military type operations such as ambushes, clashes and attacks on GVN military and civil posts have intensified in size and vigor over the past few months although, according to available information, the number of such actions increased only slightly through December. Statistics from GVN sources on actions and casualties of both friendly and enemy forces

* This figure includes four members of the security forces who may have been killed in action since reports simply state that they were "killed" by the VC.

for the period July-December 1959 are shown in an attachment. The accuracy and value of the casualty statistics is, however, open to serious question. Comparison of ARVN data with that obtained from the NPSS and the SDC shows frequent discrepancies in casualty figures.

The post-election intensification of VC attacks began with the completely successful engagement of two ARVN companies on September 26. The poor performance of ARVN during this operation exposed a number of weaknesses which have been commented upon by many CAS and MAAG sources in the Vietnamese Government. MAAG's evaluation of the factors contributing to ARVN's failure include security leaks, inadequate planning, lack of aggressive leadership, failure to communicate information to other participating units and the failure of supporting units to press forward to engage the VC (they were close enough to hear the sound of gunfire at the time). Another factor of importance illustrated in this ambush was the confidence of the VC in their ability to successfully conduct such operations. This self assurance and aggressiveness appear to be characteristic of many actions taken by the VC since September and have probably contributed to the low state of morale reported in GVN security units by CAS sources.

Earlier in 1959 ARVN units were ordered to conduct operations in Phuoc Thanh Province (VC Resistance Zone "D"). From March 8-19 1959 elements of the 7th Division and a paratroop group conducted an indecisive operation against the VC in this area, mainly because of difficulty in locating the VC. Toward the end of March the elements of the 7th Division were replaced by 3 battalions of the Airborne Group, 2 infantry regiments and other miscellaneous units, to seal off and block in the area. The Vietnamese Air Force employed 5 and later 6 F8F fighter planes to conduct air strikes. These strikes employed rockets, bombs and strafing, but the only known result was the destruction of a number of VC buildings and huts. As the rainy season approached the emphasis was switched from operations to providing security for road construction and other civil works teams. Some patrolling in search of VC was continued throughout the rainy season, but contacts with the VC were minor and infrequent. By September, Engineer construction troops had reportedly been set to work doing road work, clearing the forests, planting trees and building houses. The 5th Division was the principal unit engaged in the operation and was still in Phuoc Thanh as of late November, searching for VC. The bulk of the VC had apparently moved on to continue their operations elsewhere.

Major incidents in October were the following: According to a CAS report an ARVN section (which normally consists of about 45 men) immediately surrendered when attacked by a VC group on October 10 in Kien Phong Province. ARVN, however, denies the occurrence of this incident. On October 30 a

group of 80 to 100 VC attacked the Kien An District Office, Kien Giang Province, killing the district chief, a policeman, six CG members and four civilians. Seven civilians were wounded and the VC after releasing about 70 prisoners from the local prison compound carried away 23 weapons and other equipment plus the district payroll, which was apparently the target of the raid. Exact VC casualties are not known, but were estimated to be considerable.

According to a senior GVN intelligence officer whose comments were reported by CAS in December, the VC in An Xuyen, Ba Xuyen, Kien Giang, Phong Dinh, An Giang, Kien Phong, Kien Tuong, and Long An Province numbered 2900 about twice the September 1959 figure, divided into groups of 40 to 50 men. This officer expressed the opinion that VC attacks in November on isolated Civil Guard posts and ARVN patrol units in Kien Phong Province present an important change in VC strategy in the southwest and that the VC plan to become increasingly active in early 1960 in an effort to prove to the people that the GVN is unable to cope with the internal security situation. An example of this type of activity is the November 14 VC storming of Phong My Market in Kien Phong Province during which they reportedly set fire to a defense militia post, the information hall, three bridges and a motor-boat of the Kien Phong Security Service. Minister of Information THANH told British Ambassador PARKES on February 22 that the VC's are burning a large number of information halls, and he is very worried by the lack of protection and retaliation.

By November and December it had become apparent that the VC were operating in larger groups than those used earlier in the year and that their attacks were well planned and vigorously executed. It seems apparent, moreover, from such large scale operations as took place in late January in the provinces of Kien Hoa, Tay Ninh and Phuoc Long (Dong Xoai incident) that the VC have further increased their activities.* Serious incidents are continuing: ARVN intelligence reports indicate that approximately twenty VC attacked a boat in Kien Giang Province on February 2 killing 12 Civil Guard and 13 civilians and wounding 11 Civil Guard, 2 other security personnel and 5 civilians and that as of February 7 VC terrorism was continuing in Kien Hoa Province.

* See Embassy telegrams 2288 (February 1) 2301 (February 2); FVS 4221, 4222, 4229 and 4227; ARMA CX-9.

D. Other Recent VC Activities

A recent CAS report concerning a group of VC numbering nearly 1000 men (probably exaggerated) entering a town 3 or 4 kilometers from Ben Tre on January 24 and spending most of the day unmolested, spreading VC propaganda is not the only such report of VC boldness. A similar incident involving about 100 armed VC occurred in Rien Giang Province on September 21. The fact that the VC can, and have on a number of occasions, entered fair sized communities, spent several hours or a day propagandizing the population and then retired without meeting GVN resistance would indicate that the VC have an effective intelligence system.

According to CAS sources, infiltration of the GVN security forces (including ARVN) has been a part of VC planning throughout this period. The GVN suspected that details of the ARVN operation on September 25 and 26 was made known to the VC by persons who had penetrated the government units. Infiltrations have contributed to other VC successes, possibly including the Tay Ninh incident on January 26. The VC, according to a CAS report, have also made a special effort to obtain ARVN uniforms. Reports have been received by CAS concerning encounters by GVN patrols of what was believed to be an ARVN patrol, but which turned out to be VC.

Increased activity was also noted in Central Viet-Nam although the problem there was less intense than in the South. According to CAS VC armed strength in Central Viet-Nam in November was about 300. According to CAS sources the VC in the highlands of Quang Ngai carried out daring attacks during November on the head offices of communal councils and of the NRM. They also destroyed bridges and sections of road in an attempt to sabotage communications. Having gained influence among the Montagnards to the extent of being able to establish bases in the Highlands, the VC were reportedly planning in November to extend their political and military activities to the coastal regions.

Around midnight on November 5, 25 to 30 VC (50-100 by another estimate) armed with automatic weapons attacked a 15 man squad of the 2nd Battalion, 4th Engineer Group guarding a temporary engineer equipment park near Gia Vuoc (on Highway 5) in Quang Ngai Province. Four members of the squad managed to escape but the remainder were questioned and given a propaganda lecture for 2 hours. One dump truck and 1 grader were burned and 1 tractor was damaged. ARVN casualties were 1 killed and 2 wounded. The VC lost 2 dead left at the scene of action. On the following night the timber decking on an Eiffel bridge near Gia Vuoc was burned by an estimated 60 Montagnard VC. The damage was repaired but the next night the Montagnard VC returned and again set fire to the decking, this time doing sufficient damage to require 3-4 days to repair.

These incidents, plus a relatively minor incident involving a VC attack on ARVN patrol on September 14 some 35 kilometers south of the town of Quang Ngai are significant in that they represent the first such reports received from Central Viet-Nam of this type of violence in many months. VC activity among the Montagnards, particularly propaganda activity, intended to set the Montagnards against the GVN and its programs for economic and social development in Central Viet-Nam has been the subject of reports by CAS and our consulate at Hue. There have also been a number of reports of VC efforts to establish bases and to recruit Montagnards for guerrilla activity.

During a visit to Kontum in late January our Consul in Hue found officials rather worried about the security situation. The Chief of Kontum's northernmost district of Dak Sut said that during a three week period in January, Communists had forced or persuaded three Montagnard villages to withdraw into the mountains, out of reach of GVN administrators. This District Chief said that he and the Kontum Civil Guard Chief both think that the Communists have a major base in the Quang Nam mountains northeast of Dak Gle (the northernmost point en route 14), and predicted that communist activities in northern Kontum and southwest Quang Nam provinces would be stepped up in 1960. Our Consul was not permitted to go all the way to Dak Gle because on January 18 a Civil Guard force patrolling route 14 was fired on by a machine gun on a hilltop between Dak Gle and Dak Rotah.

A large scale sweep intended to flush out Viet Cong in the mountains of Quang Ngai Province has been underway since the end of October 1958. According to information obtained by USOM Public Safety Division, eleven companies of the Civil Guard and one battalion of ARVN and two intelligence companies were employed in the initial pacification phase. The operation was reported by mid-January to have entered a second phase, that of securing the support of the local population. The new chief of Quang Ngai Province, Nguyen van TAT, told our Consul in January that additional Civil Guard Posts are being set up in the Montagnard districts of his province and that the Self Defense Corps will be greatly expanded in the Vietnamese sections. Asked about the progress of the sweep, he was non-committal, but he admitted that the security drive "will not be over for a long time".

E. DRV Intentions

In May 1959, the Central Committee of the Lao Dong Party passed a resolution or statement stating that the struggle for reunification would have to be carried out by all "appropriate measures". British observers have taken this to mean measures other than peaceful.

"You must remember we will be in Saigon tomorrow, we will be in Saigon tomorrow," these words were spoken by Premier Pham van Dong in a conversation with French Consul Georges-Picot on September 12, 1959.

In November, Pham van Dong twice told Canadian Commissioner Erichsen-Brown that "we will drive the Americans into the Sea." DRV General GIAP, however, later saw Erichsen-Brown to "reassure" him that DRV intentions are peaceful. (Erichsen-Brown has been very active in trying to get the ICC to take cognizance of the VC guerrilla activities).

CAS sources have reported a gradual increase of the infiltration of VC cadres and arms from the DRV over the past few months which has increased the VC strength to about 3000 in the Southwest. (Based on available information CAS estimates that the Viet Cong strength in all South Vietnam is presently 3000-5000 men). Many of these new infiltrators, according to a CAS source who is a GVN official, are cadres who were regrouped in the North at the time of the Geneva Accords and have had a number of years of intensive military and political training. The principal infiltration route of VC cadres from the North continues to be through Laos to Cambodia although reports are received of infiltration by sea. A CAS source with similar access reports that some of the cadres arriving in SVN from the North have the mission of establishing a VC headquarters to include a general staff, a political section and a supply section and to effect a large-scale reorganization of VC cadres in the southwestern provinces (Fifth Military Region).

According to a CAS report from a Western observer based on his limited personal observation, the People's Army of Vietnam (PAVN) has continued to train its units in guerrilla type warfare in addition to training in conventional warfare. In the opinion of this Western observer, the PAVN could at any time undertake a successful campaign against the GVN utilizing the type of guerrilla tactics undertaken so effectively by the Viet Minh against the French in the IndoChina War. Another Western observer, a missionary who resided over thirty years in Vietnam, has also stated that PAVN is in excellent condition to carry on guerrilla warfare.

A recent CAS report (FVS-4249)* indicates that the VC are presently planning to augment their forces, particularly in An Xuyen, Kien Giang, Phong Dinh, Kien Phong and Kien Tuong Province and that they will press general guerrilla warfare in South Vietnam during 1960. This guerrilla warfare would be under the flag of the People's Liberation Movement (reports of a number of recent incidents mention the flying of a red flag with a blue star). The VC reportedly estimate that 70% of the people in the rural areas of South Vietnam are either embittered by or indifferent toward the present government. According to this report the VC are convinced they can bring about a coup d'etat in 1960, and are presently considering three ways to do this: (1) to incite the GVN military forces to revolt and to penetrate the new government to steer it into a neutralist policy; (2) to force the GVN to use harsh repressive measures against the people by organizing widespread popular uprisings, thereby laying the foundation for open revolt; (3) to set up popular front provisional governments in the Trans-Bassac area as the general guerrilla warfare mentioned above progresses (the VC estimate that they have sufficient penetrations in or control over village level administration to make this possible). The alternative which is selected will, according to the source, depend upon VC progress during the first four months of this year.

President Diem told the Ambassador and General WILLIAMS in late February about the capture of a document by GVN security forces outlining VC plans to further step up aggressive attacks all over the country, including Saigon. These operations are planned to begin in the second quarter of 1960. (CAS has seen the document and believes it to be authentic. - see FVS-4292).

Military Factors Affecting the Internal Security Situation

GVN internal security operations in 1959 employed an average of 25 ARVN battalions, 44,000 Civil Guards, 43,000 SDC, 6,000 Surete, as well as the Gendermerie, Self Guard Youth Corps and NRM members for which figures are not presently available. This impressive number of personnel has, however, failed to keep VC and dissident activities under control. Numerous high-ranking GVN officials have very recently stressed the necessity of more anti-guerrilla training for the security forces. From a military point of view an outstanding deficiency in the GVN effort has been the government's

* See also FVS-4220 and FVS-4263.

inability, or lack of desire, to recognize the following factors:

(1) It is actively engaged in an internal war and, therefore, must take the measures which this situation entails. (2) There is a great need for a strong central military command with wide powers for the conduct of internal security operations in the unpacified areas. (3) There is a need for a capable, well-equipped, well-trained, centrally-controlled Civil Guard to take over from the Military in pacified areas.

It cannot be emphasized too strongly that the apparent lack of success in the GVN attempts to reduce the internal threat of the VC until now has stemmed from the lack of unity of command in a single operational commander who has the means and the authority to utilize all of the potential in the area of operations without regard to province or regional boundaries and without regard to the existing political subdivision of the area. Unity of command is the most important basic principle of administration lacking here. The Province Chief structure has caused a breakdown of coordination and a fragmentation of command structure which has blocked an effective attack on the internal security problem.

The fact that the GVN, though striving to bring its military organization to a high state of training, is constantly plagued by the diversion of an average of 25 battalions to an internal security mission is indicative that a serious internal threat exists. The resulting piecemeal commitment of the armed forces has obviously been generally unsatisfactory because of the lack of a strong central command which could effectively coordinate and control all security functions in the area of operations. (See subsequent "GVN Reactions" section re recent action taken to centralize command in the Fifth Military Region).

Political Factors Affecting the Internal Security Situation

It is highly unlikely that any final solution can be found to the internal security situation in South Vietnam if the GVN does not enjoy the support and cooperation of the rural population. At the present time indications are that the rural population is generally apathetic towards the Diem Government and there are signs of considerable dissatisfaction and silent opposition. In part this attitude appears to result from widespread fear of the Viet Cong and a belief that the GVN is relatively helpless to protect the rural population from Viet Cong depredations. Unfortunately the longer serious insecurity continues to exist in the countryside despite GVN efforts to control it, the more serious is the effect on the GVN's prestige. Another effect is a growing belief among the peasants that the Viet Cong will always be here as long as North Vietnam remains under Communist control and that they must adjust to live with them. (A realization of the long-range nature of the problem among officials responsible for

dealing with it could be an advantage. In Malaya it has taken 11 years to reduce the security situation to the minimum, and it is even more difficult to deal with it in a divided country with long exposed frontiers).

There appear to be other reasons contributing to the difficulty experienced by the GVN in attempting to rally the rural population:*

(a) Until recently it was becoming more and more apparent that Diem was not being given accurate information on the internal security and political situation in rural areas. As late as the end of December, 1959, he was telling all callers how much better the internal security situation had become, despite many doubts raised by his listeners. Information was apparently being presented to him by local officials in such a manner as to reflect well upon the officials giving it. The President's trips to the provinces have appeared to be carefully "laid on" by local officials. The President himself cannot be absolved entirely from the blame, however, since his system of personal rule which permits direct appeal from the individual provincial authorities to himself, in a sort of intra-executive check and balance system, serves to further weaken the administrative apparatus.

Recently, however, as indicated in the subsequent section on "GVN Reactions," the Vice President and others who are not his usual informers on security matters have spoken frankly with him and he now seems well aware of the situation; (b) Provincial and district authorities exercise almost autonomous control in the areas under their jurisdiction. Too often the personnel holding these positions have been incompetent, having been chosen for reason of party loyalty. Moreover, some have tended to view their jobs as a means to personal advancement or financial gain** often

* See also FVS-4220 and FVS-4228.

** The local press from time to time reports incidents of extortion and blackmail by local officials. On December 1 Le Song in an editorial cited "numerous cases of abuse of power committed by village police officials such as extortion of money and bribery." Examples like the following are to be found in various reports in the press and from various CAS and USOM sources:

On February 13 Tu Do reported that a hamlet chief in Binh Tuong Province had been arrested for posing as a security agent and blackmailing four farmers. A USOM source in July reported that a District Chief of Security in Blao had reportedly been removed from his position for extorting sums of money from wealthy residents who were arrested on charges of being Communist sympathizers and had to pay for their release.

at the cost of the population under their control. Press editorials have attacked local officials for extorting money from peasants, using torture to wring false confessions from innocent people and conducting themselves in such a manner as to reflect adversely on the prestige of the national government. In addition rumors continue to circulate among the population concerning the alleged nefarious activities of and favoritism shown to members of the Can Lao party. While officials have been largely unable to identify and put out of commission Viet Cong undercover cadres among the population, they have often arrested people on the basis of rumors or of denunciations by people who harbor only personal grudges. Police powers justified on the basis of the needs of internal security have reportedly been misused to extort money not only from the peasants but from land owners, merchants and professional people in the towns. This misuse of police powers and the kind of broad scale arrests on suspicion are weakening the support of the population for the regime. On the other hand, the application of swift, summary justice (such as the Special Military Tribunals were created to hand out) designed to protect the population against the Viet Cong threat, if carefully administered and "advertised" as such, can do much to restore a feeling of security;* (c) While the GVN has made an effort to meet the economic and social needs of the rural populations through community development, the construction of schools, hospitals, roads, etc., these projects appear to have enjoyed only a measure of success in creating support for the government and, in fact, in many instances have resulted in resentment. Basically, the problem appears to be that such projects have been imposed on the people without adequate psychological preparation in terms of the benefits to be gained. Since most of these projects call for sacrifice on the part of the population (in the form of allegedly "volunteer" labor in the case of construction, time away from jobs or school in the case of rural youth groups, leaving homes and lands in the case of regrouping isolated peasants), they are bound to be opposed unless they represent a partnership effort for mutual benefit on the part of the population and the government. (See subsequent section on "GVN Reactions" for indications of Diem's current awareness of this problem).

The situation may be summed up in the fact that the government has tended to treat the population with suspicion or to coerce it and has been rewarded with an attitude of apathy or resentment.

* Ensuing section on "GVN Reactions" shows Diem now aware of incompetence and abuse of power by many officials.

The basic factor which has been lacking is a felling of rapport between the government and the population. The people have not identified themselves with the government. There has been a general lack of "a sense of mission" in the building of the country among both the local population and local authorities. In the past at least Diem has contributed to this attitude by his constant admonition to the villagers he talks to on his trips throughout the country that they must work harder, do more for themselves, and not complain. He has made little effort to praise them for what they have accomplished or explain the reasons for the demands he places on the population. He has none of the demagogue in him, but is rather still the mandarin. Now that he realizes the feelings of the people, it is to be hoped that he will show more solicitude for their needs and feelings, but this will not be easy for him to do.

Possibly another factor adversely affecting the current attitude of the peasants toward the Government is the decline over recent months in the price of paddy. Since the population in the Southwestern delta is particularly dependent on paddy for its income, it would be a normal political reaction for this development to increase dissatisfaction with the government.

GVN Reactions to Current Internal Security Situation

President Diem, who had earlier taken the position in conversations with Ambassador Durbrow that the GVN's security operations had broken up many VC camps and forced them to regroup into larger forces, has modified his assessment considerably after the Tay Ninh attack and other recent manifestations of expanded VC activities. Previously indicating that VC reinforcements had come from Cambodia, Diem in his latest conversation with the Ambassador on February 12 stated the VC had been reenforced by well-trained forces from North Vietnam. In his view the recent step-up in VC activities is basically a somewhat desperate attempt to disrupt the progress of South Vietnam. He does not appear to be deeply alarmed, but, on the contrary, feels that with measures he has in mind the situation should greatly improve in a few months. He believes the security forces need more anti-guerrilla training, but also thinks more security forces are needed in order to provide better protection for the entire population. He has called for volunteers from military reservists who had long guerrilla experience during the Indochina War as well as from ARVN and the Civil Guard, and has indicated that over 1000 have already volunteered.

Diem also now shows awareness of many of the political factors which have contributed to the deterioration in internal security. By the end of February in conversations with the Ambassador and

other foreign officials Diem has become very frank in admitting that many of the civilian administrators have been incompetent and have abused their power. He has added he is removing these and placing competent men in their jobs whose principal duty will be to pay attention to the needs of the population and make every effort to win their confidence. The President has become quite aware of the adverse reaction of the people to indiscriminate use of methods of coercion in carrying out the government's programs in rural areas. He explained to the Ambassador at some length on February 22 the urgent need for civilian officials to explain in detail the reasons for the government's actions in these matters in order that the population will fully understand how they will benefit in the long run.

Ngo Dinh NHU, the President's brother and political advisor, also told CAS on February 5 that the security forces need more anti-guerrilla training. He added, however, that political measures are the real key to defense against the VC attacks, and mentioned specifically that GVN officials should consider political aspects of a situation and not just concentrate on rapid physical results to please the President.

In late January Vice President Nguyen Ngoc THO, according to a CAS report, had a discussion with President Diem in which he pointed out his belief that the reports which the President had been receiving on internal security were incorrect as they underestimated the size of the VC network in South Vietnam. He reportedly reminded the President that he had told him a year and a half ago that the GVN did not have a correct estimate of VC strength and, unless this were obtained, the time would come when the country would be unable to cope with VC subversion. Privately Tho was said to have placed the blame for GVN loss of support among the peasantry on province chiefs whose only activity was to apply police powers strictly. He also was said to have indicated that both Ngo Dinh Nhu and the NRM leaders, through the province chiefs, were responsible for providing completely erroneous and optimistic reports about the security situation. In a conversation with Ambassador Durbrow shortly after the Tay Ninh attack Tho expressed concern over the seriousness of the internal security situation, and he also urged more anti-guerrilla training of the GVN security forces.

Lieutenant General Le van TY, Chief of Staff of the Vietnamese Army, has also expressed the view that further anti-guerrilla training is required. In addition, according to MAAG, soon after the Tay Ninh attack a meeting was held by the Assistant Secretary of Defense with the Chief of Staff and Corps and Field Commanders at which it was decided to make certain recommendations to the President. These recommendations included adherence to the chain

of command by the Presidency; assignment of commanders to be made on recommendations of the General Staff through the Department of Defense to the President as contrasted with recommendation to the President by civilian and political advisers; clarification and definition of the responsibility and authority between the province chiefs, military regional commanders and local troop commanders; and centralization of control of the various intelligence agencies.

Indications have been received that at least some of the ideas which have been expressed by GVN officials are being implemented. President Diem has told Ambassador Durbrow that Colonel Nguyen KHANH, newly designated commander of the Fifth Military Region (the southwestern area where insecurity is the worst), has been given full military powers over the security forces of the area regardless of the prerogatives of the province chiefs. Diem also said that the GVN is extending an earlier plan of appointing military officers as deputy province chiefs responsible for security, and has placed them under the control of the military regional commander.

According to a CAS report, the Assistant Secretary of State for Defense issued a directive on February 1 ordering concentration on anti-guerrilla training and tactics and enforcement of maximum security at all military posts.

Another CAS report states that President Diem, as a result of recent urgings for improvement in relations between the Government and the peasants, has ordered a slowdown in the program of building regroupment centers ("agrovilles"). Secretary of State for the Presidency TRUAN told Ambassador Durbrow on February 17, however, that this program must be continued but perhaps at a slower pace, as there is no way to provide protection to isolated farm houses other than by regrouping such peasants into larger communities. He admitted that the peasants have the normal human reaction of disliking being forced to work on the regroupment centers, but he believes that after the centers have been completed they will see the advantages offered. Diem told the Ambassador on February 22 that, while he must continue to create "agrovilles," he is not planning to push too fast until one or two pilot towns are in being so that the peasants can learn for themselves the many advantages of this sort of rural organization.

CAS also reported that the NRM recently dispatched special cadres to the provinces to obtain for the President information on cases of dissatisfaction with high-handed or dictatorial attitudes of local officials. Intelligence committees have also been formed in each province which will report to the President through the Minister of Interior. Diem told the Ambassador he had

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From Saigon

been impressed by the centralized intelligence organization he learned about during his visit to Malaya in mid-February. Diem inferred he is planning to adopt this system.

ANNEX I

The number of assassinations and kidnappings by month during the past two years are shown in the following chart:

	<u>1958</u>												<u>TOTAL FOR SIX MONTH PERIOD</u>	
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>TOTAL</u>							
Assassinations	10	36	26	17	13	21							123	
Kidnappings	25	5	43	12	5	15							105	
	<u>1958</u>													
	<u>JULY</u>	<u>AUG</u>	<u>SEPT</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>TOTAL</u>						<u>1958 TOTAL</u>	
Assassinations	11	7	8	15	8	21	70						193	
Kidnappings	24	18	24	26	19	20	131						236	
	<u>1952</u>													
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>TOTAL</u>							
Assassinations	10	11	31	13	16	5	86							
Kidnappings	17	6	21	16	22	15	97							
	<u>1952</u>													
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>TOTAL</u>							
Assassinations	16	12	22	29	35	33	147						233	
Kidnappings	22	11	34	42	89	48	246						343	

NOTE: Figures compiled by MAAG based on ARVN reports show 96 civilians killed and 37 civilians kidnapped during January and 122 civilians killed, 72 kidnapped in February, 1960. Figures for these months for assassinations and kidnappings may be slightly higher (but will not greatly differ from these figures) after investigation based on other sources.

ANNEX II

Encl No. 1
Desp No. 278
From Saigon

The figures contained in the tables in this Annex have been extracted from the following monthly reports for July through December:

- (1) Intelligence Summary (MAAG) - Source: ARVN
- (2) Summary Report of Self Defense Corps Activities (MAAG) - Source: SDC
- (3) Statistics of Communist and Rebel Activity in South Viet-Nam (CAE) Source: NPS

Source (1) ARVN

Total actions reported by ARVN are as follows: July 105, August 102, September 118, October 110, November 74, December 111.

<u>Pro-GVN Killed</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>TOTAL</u>
ARVN	3	3	15	7	3	6	37
CC	1	3	5	26	12	21	68
SDC	5	1	4	8	3	9	30
Police	2	0	2	4	0	1	9
Civ	12	11	20	37	25	33	138
<u>VC Killed</u>	98	99	162	104	71	116	650
<u>Pro-GVN Wounded</u>							
ARVN	5	6	27	8	0	13	59
CC	7	5	5	24	6	39	86
SDC	6	6	4	10	8	5	39
Police	0	0	1	0	1	0	2
Civ	7	9	32	41	5	17	111
<u>VC Wounded</u>	1	18	17	31	7	25	99
<u>Pro-GVN Captured/Kidnapped</u>							
ARVN	0	0	0	0	0	0	0
CC	0	0	1	0	1	0	2
SDC	0	0	0	1	0	0	1
Police	2	0	0	0	0	0	2
Civ	20	7	22	45	56	43	233
<u>VC Suspects</u>	1101	1101	714	568	674	568	4726
<u>Suspects</u>	709	840	392	498	517	454	3410
<u>TOTAL</u>	1810	1941	1106	1066	1191	1022	8136

Deserted From GVN Forces

	July	Aug	Sept	Oct	Nov	Dec	TOTAL
ARVN	40	16	28	27	0	27	138
cd	11	24	3	4	0	13	55
SDC	2	1	3	1	0	8	15
Police	0	0	0	0	0	0	0

VC Rallied to GVN

VC	457	263	82	78	40	16	936
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Source (2) (SDC)SDC Losses

Killed	6	1	5	5	12	7	36
Wounded	5	5	8	5	11	7	41
Captured	0	0	0	0	3	10	13
Deserted	0	0	0	0	87	91	178

VC Losses

Killed	12	11	26	30	27	10	116
Wounded	1	5	3	2	7	1	19
Captured	90	222	183	241	187	139	1062
Surrendered	2	16	3	13	10	3	47

Source (3) (NPSS)GVN Losses in 5th Military Region

	July	Aug	Sept	Oct *	Nov*	Dec*	TOTAL
Killed	25	15	34	-	-	-	74
Wounded	21	19	30	-	-	-	70
Captured	17	6	38	-	-	-	61
Deserted	3	2	2	-	-	-	7
Disappeared	0	0	1	-	-	-	1

VC Losses in 5th Military Region

Killed	111	86	143	-	-	-	340
VC Arrested	1444	1084	891	-	-	-	3419
Suspects Arrested	395	302	246	-	-	-	943
cd	-	-	-	-	-	-	-
Rallies	397	136	46	-	-	-	579

* Data not available

WILLIAM H. HICKENLOP, JR., IOWA
WILLIAM LANGRISH, N. DAK.
WILLIAM F. RICHMOND, CALIF.
GEORGE D. ARSEN, VT.
HOMER E. CAPEHART, IND.

United States Senate

COMMITTEE ON FOREIGN RELATIONS

CARL MARCY, CHIEF OF STAFF
C. C. O'DAY, CLERK

May 5, 1960

Lt. General Samuel T. Williams
Chief of MAAG
Saigon, Viet Nam

Dear General Williams:

During hearings on the Vietnamese Aid-Program before a Senate Foreign Relations Subcommittee last summer (July 30 and July 31), you were most helpful in providing the Members with clear and concise responses to questions concerning MAAG-Vietnam. We found your testimony of great value and it was a major source of information for the Subcommittee's report which, as you may be aware, drew very favorable conclusions as regards the military aid program in Viet Nam.

I do not mind telling you that I was personally very impressed with that portion of your testimony which suggested to me that you were directing the military aid program in a fashion which was, wisely, aimed at working MAAG "out of a job" and that you had about reached a point where the scaling down could begin. Therefore, it came as something of a surprise to me to learn from a U.P.I. dispatch (4/31, May 5, 1960) that we intend to double the training staff of MAAG in Viet Nam by adding to it 350 men.

Assuming the general accuracy of this dispatch I would very much appreciate such responses as you may wish to supply to the following questions:

(1) As specifically as possible, what changes have occurred in the Vietnamese situation which require the addition of 350 men to the MAAG mission?

(2) If the need is for experts in guerrilla warfare, cannot such experts be substituted for those already engaged in other training pursuits in Viet Nam rather than simply adding to them?

(3) Was the need to increase the MAAG determined by you personally and did you initiate the request for additional personnel?

(4) If so, did you have the concurrence of the Ambassador in the request?

Lt. General Samuel T. Williams

- 2 -

May 5, 1960

This letter is transmitted through Department of Defense channels but in view of your helpfulness in the past, I look forward to your replies with interest and with thanks.

With kindest personal regards, I am

Sincerely yours,

Mike Mansfield

UPI -- (#31, May 5, 1960)

The U.S. is doubling its military training staff in South Vietnam and stepping up the training of Vietnamese troops for guerrilla warfare against Communist terrorists.

The decision reflects concern about the mounting strength and boldness of Communist bands which are raiding villages and assassinating Vietnamese officials. However, U.S. military and diplomatic officials said the Communist campaign is not a "crisis" and in itself, is not likely to become a major threat to the government of President Ngo Dinh Diem.

Guerrilla warfare specialists will be included among about 350 additional American military training officers and men sent to Vietnam.

DEPARTMENT OF THE ARMY
STAFF COMMUNICATIONS OFFICE

M E S S A G E

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FROM: CHMAAG SAIGON VIET-NAM
TO: OSD/ISA WASH DC
INFO: CINCPAC CP H M SMITH HAWAII, JCS WASH DC
NR: MAGCH-CH 691 200711Z MAY 60

Reference UNCLASS DEF 487183 to CHMAAG Saigon DTG
182016Z May.

Attn Asst to Secy for Legislative Affairs. Re-
quest you pass following to Senator Mansfield soonest.

Dear Senator Mansfield: Your letter of 5 May passed to me by DOD received Saigon 19 May. Full reply enroute by airmail. As interim reply UPI dispatch number 31, May 5, 1960 to which you refer not entirely factual. Specifically US training staff not being doubled as stated in UPI dispatch. The 350 US "civilian technicians" mentioned in news items as sorting and shipping arms left by French forces undoubtedly refers to US military personnel of the temporary equipment recovery mission, short title TERM, now in process deactivation. Maintenance of total overall MAGG-TERM advisor strength of 385 for time being is at urgent request GVN with full concurrence Ambassador, CINCPAC, DOD, State Department and myself. Total advisor strength to be considerably lower than total 850 US and French MAAG at time of Geneva accords and slightly lower than total MAAG-TERM strength. Following sentence classified CONFIDENTIAL: Change over of TERM excess to MAAG ends subterfuge as actually TERM has had undercover mission as logistical advisors since activation. Project began before current step-up guerrilla activities. Small number US experts in guerrilla warfare recently brought in on TDY as substitutes for regular MAAG advisors and are within previous overall strength. It is my personal opinion MAAG should and can work itself "out of job" with possible reduction approximately 15 per cent in June 61 and approximately 20 per cent reduction

DA IN 10246

(20 MAY 60)

DEPARTMENT OF THE ARMY
STAFF COMMUNICATIONS OFFICE

NR: MAGCH-CN 691

PAGE 2

yearly there after depending of course on readings taken
at subsequent dates. Very Truly Yours, signed Williams.

ACTION: OSD, DCSOP

INFO : OCS, ACSI, DCSPER, CA, JCS, AF, NAVY, CMC, DCSLOG,
CLL

DA IN 10246

(20 May 60)

b1h/9

1280

July 25, 1960

NOTE BY THE EXECUTIVE SECRETARY
to the

NATIONAL SECURITY COUNCIL

on

U. S. POLICY IN MAINLAND SOUTHEAST ASIA

- References: A. NSC 5809
B. OCB Special Report on NSC 5809,
dated February 10, 1960
C. NSC Action No. 2193
D. Memos for NSC from Executive Secretary,
same subject, dated July 11 and 18,
1960
E. NSC Action No. 2267

The National Security Council, the Secretary of the Treasury, the Secretary of Commerce, and Mr. Elmer B. Staats for the Director, Bureau of the Budget, at the 452nd NSC Meeting on July 21, 1960, adopted the changes to NSC 5809 transmitted by the reference memorandum of July 11, 1960 (NSC Action No. 2267).

The President, as of this date, approved the changes to NSC 5809, which as amended is enclosed herewith as NSC 6012; directs the implementation of NSC 6012 by all appropriate Executive departments and agencies of the U. S. Government; and designates the Operations Coordinating Board as the coordinating agency.

A revised Financial Appendix, in preparation pursuant to NSC Action No. 2267-d, will be circulated later.

By NSC Action No. 2267-c, the Council agreed that, at such time as policy decisions are required as to whether jet aircraft should be provided to Cambodia or Viet Nam, these questions should be referred to the National Security Council for consideration.

The enclosed statement of policy, as approved, supersedes NSC 5809.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Secretary of Commerce
The Director, Bureau of the Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

STATEMENT OF POLICY
on
U. S. POLICY IN MAINLAND SOUTHEAST ASIA*

I. GENERAL CONSIDERATIONS

1. General. Since Mainland Southeast Asia does not represent a unified area, courses of action must generally be determined in the light of widely varying country situations. However, basic objectives and main directions of U. S. policy can and should be established on a regional basis.

2. Consequences of Communist Domination. The national security of the United States would be endangered by Communist domination of Mainland Southeast Asia, whether achieved by overt aggression, subversion, or a political and economic offensive.

a. The loss to Communist control of any single free country would encourage tendencies toward accommodation by the rest.

b. The loss of the entire area would have a seriously adverse impact on the U. S. position elsewhere in the Far East; have severe economic consequences for many nations of the Free World, add significant resources to the Communist Bloc in rice, rubber, tin and other minerals, and could result in severe economic and political pressures on Japan and India for accommodation to the Communist Bloc. The loss of Southeast Asia mainland could thus have farreaching consequences seriously adverse to U. S. security interests.

3. The Communist Threat

a. Overt Aggression. Although Communist policy now emphasizes non-military methods, the danger of overt aggression will remain inherent so long as Communist China and North Viet Nam continue a basically hostile policy supported by substantial military forces. There

* For purposes of this paper, "Mainland Southeast Asia" consists of Burma, Cambodia, Laos, Thailand, Viet Nam, Malaya and Singapore. In addition, there is attached a supplementary statement of policy on the special situation in North Viet Nam.

is only a cease-fire in Viet Nam and sporadic hostilities continue in Laos. The Viet Minh have continued to improve their combat capabilities since the Geneva Conference of 1954.

b. Subversion. In most countries of Southeast Asia a threat also arises from the existence of extensive local Communist capabilities for all types of subversive activities, ranging up to armed insurrection. Additionally, the large overseas Chinese communities in Southeast Asia offer a fertile field for subversion. The weak internal security systems of the Southeast Asian states make them highly vulnerable to such activities.

c. Communist Political and Economic Offensive. At present overt aggression and, except in the cases of Viet Nam and Laos, militant subversion are less likely than an intensified campaign of Communist political, economic and cultural penetration in the area. The political instability, economic backwardness, export problems, and extreme nationalism of these countries provide many opportunities for Communist exploitation by trade and economic assistance, conventional political and diplomatic activity, and extensive infiltration. This offensive now constitutes a threat to U. S. interests more subtle and more difficult to cope with than other threats.

4. U. S. Role. The United States is likely to remain the only major outside source of power to counteract the Russian-Chinese Communist thrust into Southeast Asia. Thus, the retention of this area in the Free World will continue to depend on the extent and effectiveness of U. S. support as well as on the local efforts of the countries themselves.

a. Political. The underlying purpose of U. S. assistance in the area is to help the non-Communist countries develop more effective political organizations, strengthen their internal administration and enlist greater allegiance in both urban and rural districts. In part, this purpose will be served by programs for military and economic aid dealt with below. In part it will require an intensification of present programs for training competent Asian managerial and technical personnel. And, in part, new approaches, both governmental and private, will be needed. These should not concentrate exclusively at the national level, but should include activities designed to strengthen and vitalize indigenous traditions and institutions and to have an impact on village life, rural society, and educational systems.

b. Military. Because these countries do not have the capability of creating armed forces which could effectively resist large-scale external aggression, the United States will be required to provide a basic shield against Communist aggression. For the foreseeable future, local will to resist aggression will depend on a conviction in Southeast Asia that the United States will continue its support and will maintain striking forces adequate to counter aggression in Southeast Asia with the capabilities described in current basic national security policy. The combination of such U. S. forces and local will to resist would constitute the best deterrent against aggression. Should the deterrent fail, this combination would also provide the most effective insurance that, in conjunction with indigenous and allied forces, the United States could suppress aggression in the area quickly and in a manner and on a scale best calculated to avoid the hostilities broadening into general war.

c. Economic and Technical. The insistence, throughout most of the area, on economic development provides the strongest lever for the exertion of influence by the Free World or by the Communist Bloc. Without increased external help from some source, most of the governments of the area will be unable, even with adequate indigenous effort, to manage the political demand for rapid betterment in the conditions of life and provide for sound economic development. Failure to obtain such assistance from the Free World will tend to drive these countries toward economic dependence on the Communist Bloc. The general preference in Southeast Asia for Western technical and economic assistance gives the United States and the Free World an opportunity to obtain primacy over Communist efforts in key economic sectors. The outcome may, however, be strongly influenced by the success with which the Free World can cope with Communist efforts to exploit the existence of Southeast Asian export problems, particularly those involving rice. In the period ahead, flexibility of U. S. procedure and rapidity of U. S. action will be increasingly important, if effective advantage is to be taken of unexpected and transient opportunities.

5. The Problem of Regional Association. Over the long run, the small, vulnerable, and essentially dependent nations of Southeast Asia cannot exist satisfactorily as free nations without closer associations than now exist.

6. The Problem of Alignment. To preserve their independence, strengthen their internal stability, and protect themselves against aggression, some countries in Southeast Asia prefer to join regional security arrangements. Some, however, prefer to avoid alignment with other nations. The basic objective of both groups is to maintain the independence of their countries free of outside interference or dictation, and the independence and vitality of both are important to the United States and to each other.

II. POLICY CONCLUSIONS

7. The national independence of the mainland Southeast Asian states is important to the security interests of the United States. If such independence is to be preserved, U. S. policies must seek to build sufficient strength in the area at least to identify aggression, suppress subversion, prevent Communist political and economic domination, and assist the non-Communist governments to consolidate their domestic positions. U. S. policy should not depend primarily on the degree and nature of Communist activity at any particular time, but should seek to promote these goals within the limits of the economic capacities of the countries concerned and U. S. resources available for the area.

8. Where a national determination to maintain independence and oppose external aggression is sufficiently manifest, the United States should be prepared to provide military assistance based upon the missions of the forces as indicated in the "Country Courses of Action" (Part V, below).

9. In the event of aggression against a Southeast Asian state willing to resist, the provisions of the UN Charter or the SEATO Treaty should be invoked, but the United States should not forgo necessary action in behalf of such a state or states because of the possibility that other allies might be loath to participate or to furnish more than token military forces.

10. In the long run, the ability of the non-Communist governments to attain political, economic and social objectives will be the dominant factor in defeating the Communist attempts to dominate Southeast Asia. The United States should assist the non-Communist states of the area to formulate and execute programs designed to promote conditions of sound development, to demonstrate that they can achieve growth without reliance on Communist methods or dependence on the Communist Bloc, and to give their peoples a greater stake in the continued independence of their countries.

11. The United States should continue to make clear its own devotion to the principle of collective security, its belief that regional security arrangements provide maximum protection at minimum cost for all, and its expectation that a country's decision to participate in such arrangements is based on its own calculation of its best interests and does not of itself constitute a claim for increased financial aid. Where countries participate, measures to assure adherence are desirable, normally including preferential treatment in the fields of economic and military assistance as justified by U. S. strategic objectives. Where new opportunities for affiliation develop they should be encouraged. The United States should, however, accept the right of each nation to choose its own path to the future, and should not exert pressure to make active allies of countries not so inclined. The genuine independence of such countries from Communism serves U. S. interests even though they are not formally aligned with the United States. The United States should accordingly support and assist them so long as they remain determined to preserve their own independence and are actively pursuing policies to this end.

III. OBJECTIVES

12. To prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist Bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the Free World; and to assist them to develop toward stable, free representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the Free World.

IV. REGIONAL COURSES OF ACTION*

13. Support and assist the countries of the area on the basis of their will and ability to defend and strengthen their independence.

14. Respect each country's choice of national policy for preserving its independence, but make every effort to demonstrate the advantages of greater cooperation and closer alignment with the Free World, as well as the dangers of alignment with the Communist Bloc.

* The following courses of action are not applicable to the State of Singapore at this time: paragraphs 13, 14, 16, 22-a, and 32.

15. Encourage the countries of Southeast Asia to cooperate closely with each other on a basis of mutual aid and support, and support indigenous efforts to develop regional associations so long as they do not weaken SEATO or the spirit of resistance to Communism.

16. Participate actively in SEATO, and seek to develop both its military and non-military aspects in a manner that will convincingly demonstrate the value of SEATO as a regional association, the usefulness of which extends beyond deterrence of Communist expansion. Encourage limited participation of non-Communist, non-SEATO Asian nations in certain SEATO activities.

17. Encourage and support the spirit of resistance among the peoples of Southeast Asia to Chinese Communist aggression as well as the indigenous Communist insurrection, subversion, and propaganda.

18. Encourage the Governments of Laos, Thailand, and Viet Nam to maintain close relations with the GRC and to support its international position as the Government of China. Having in mind the desirability, from the U. S. point of view, of Malaya and Singapore developing closer relations with the GRC, encourage these Governments, as appropriate, to take steps that will lead ultimately to this objective. Seek to ensure that Malaya does not recognize the Chinese Communist regime or support its seating in the United Nations as the Government of China, and that Singapore does not develop closer economic or cultural relations with Communist China. Encourage the countries of the area to eschew relations with the Communist regimes in North Korea and North Viet Nam and to support the international position of the Governments of the Republics of Viet Nam and of Korea.

19. Maintain, in the general area of the Far East, U. S. forces adequate to exert a deterrent influence against Communist aggression, in conformity with current basic national security policy.

20. Should overt Communist aggression occur in the Southeast Asian treaty area, invoke the UN Charter or the SEATO Treaty, or both as applicable; and subject to local request for assistance take necessary military and any other action to assist any Mainland Southeast Asian state or dependent territory in the SEATO area willing to resist Communist resort to force: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress unless the emergency is deemed by the President to be so great that immediate action is necessary to save a vital interest of the United States.

21. In case of an imminent or actual Communist attempt to seize control from within, and assuming some manifest local desire for U. S. assistance, take all feasible measures to thwart the attempt, including even military action after appropriate Congressional action.

22. As appropriate, assist the police forces in Southeast Asian countries to obtain training and equipment to detect and contain Communist activities.

23. In order to strengthen the non-Communist governments of the area and to help forestall their economic dependence on the Communist Bloc:

a. Provide flexible economic and technical assistance as necessary to attain U. S. objectives. In the framing of U. S. aid programs to Southeast Asian countries take into account the economic and technical assistance being provided by other Free World nations and by international institutions, coordinating with such nations and institutions where appropriate.

b. Encourage measures to improve the climate for private investment, both domestic and foreign, and to mobilize the maximum investment of U. S. private capital in the area consistent with the prevailing climate.

c. Encourage United Nations agencies, other Colombo Plan countries, and other friendly countries to contribute available resources to promote the economic growth of Southeast Asia.

d. Encourage the Southeast Asian countries to orient their economies in the direction of the Free World and to rely primarily on non-Communist markets and sources of supply for trade, technicians, capital development, and atomic development.

e. In carrying out programs involving disposal of U. S. agricultural surpluses abroad:

(1) Give particular attention to the economic vulnerabilities of the Southeast Asian countries and avoid, to the maximum extent practicable, detracting from the ability of these countries to market their own exportable produce.

(2) Give particular emphasis to the use of the resources to promote multilateral trade and economic development.

f. Promote as appropriate the expansion of trade relationships between the United States and the countries of Southeast Asia.

g. Take advantage of adverse local reactions to Communist barter agreements with countries in the area by demonstrating the advantages to these countries of conducting trade on a multilateral commercial basis.

24. Make a special, sustained effort to help educate an expanding number of technically competent, pro-Western civilian and military leaders, working bilaterally, through the United Nations, with the other Colombo Plan countries and with other friendly countries. Stress the development of potential and secondary leadership to support the thin stratum of elite now administering the central governments and bring to their support modern techniques and technology in public information and organization.

25. Place increased emphasis on community development projects, educational programs, and other activities aimed to influence the welfare and attitudes of the people at the village level.

26. Strengthen informational, cultural and educational activities, as appropriate, to foster increased alignment of the people with the Free World and to contribute to an understanding of Communist aims and techniques.

27. Hold or reduce the number of U. S. officials in each country to a strict minimum consistent with sound implementation of essential programs, in order to head off an adverse political reaction to the presence of a large number of Americans in relatively privileged positions.

28. Promote increasing Asian Buddhist contact with and knowledge of the Free World. Explore with friendly religious organizations ways of developing Buddhist fraternal associations and identification with Free World religious leaders and movements.

29. When not in conflict with other U. S. political objectives, continue activities designed to encourage the overseas Chinese in Southeast Asia (a) to integrate fully and as rapidly as practicable into the national life of their host countries, becoming loyal citizens and identifying themselves with the interests of these countries; (b) to support and participate in anti-Communist activities in their countries of domicile; (c) to resist Communist efforts to infiltrate and gain control of their communities. Seek to

ensure that elements within these communities that continue to feel and act as Chinese rather than as citizens of their host countries look to the GRC as the custodian of Chinese social and cultural values and support it as the representative of the interests and aspirations of the Chinese people.

30. Discreetly encourage the governments of the countries of the area to promote and facilitate the integration of racial minorities, bearing in mind that the extent and pace of such integration will be affected by the willingness of the host countries to permit the overseas Chinese and other minorities to participate in the national life without discrimination.

31. Implement as appropriate covert operations designed to assist in the achievement of U. S. objectives in Southeast Asia.

32. Promote economic cooperation between the countries of the area and Japan and with the Government of the Republic of China, to the extent feasible without jeopardizing the achievement of U. S. objectives toward the individual Southeast Asian countries.

33. In order to promote increased cooperation in the area and to deny the general area of the Mekong River Basin to Communist influence or domination, assist as feasible in the development of the Mekong River Basin as a nucleus for regional cooperation and mutual aid.

34. Should any country in the area cease to demonstrate a will to resist internal Communist subversion and to carry out a policy of maintaining its independence, terminate U. S. economic and military assistance programs to such nations.

35. Exercise caution to ensure that the United States does not become so identified, either in fact or in the eyes of the world, with particular regimes, individuals or political factions in the countries of the area as to hinder U. S. accommodation to changes in the political scene.

V. COUNTRY COURSES OF ACTION IN ADDITION TO THE "REGIONAL COURSES OF ACTION" ABOVE

BURMA

36. In view of the emerging opportunities in Burma and the repercussions that developments there will have on the

uncommitted areas of Asia and Africa, make a special effort to influence an increasingly favorable orientation in Burma's policies.

37. Encourage and support those elements in Burma which can maintain a stable free government that identifies its interest with those of the Free World and resists Communist inducements, threats, and programs to subvert Burma's independence.

38. Encourage Burmese assumption of regional and international responsibilities compatible with our own objectives.

39. For political purposes, upon Burmese request make military training available on a grant basis and modest amounts of military equipment and supplies on a sales or token payment basis, as consistent with U. S. interests.

40. Encourage the Burmese Government to establish internal security throughout the country, and discourage further foreign assistance to Chinese Nationalist irregulars and ethnic rebel groups in Burma.

41. Should overt Communist aggression occur against Burma, invoke the UN Charter and, subject to Burmese request for assistance, take necessary military and any other action to assist Burma if Burma is willing to resist Communist resort to force and U. S. vital interests are involved: Provided, that the taking of military action shall be subject to prior submission to the approval by the Congress.

CAMBODIA

RESCINDED BY MEMO TO HOLDERS
DATED 2 MAR. 1962

42. Seek to increase Cambodia's respect for and confidence in the United States and the Free World in order to assist in maintaining Cambodia's independence and in curbing its tendency to increased orientation toward the Sino-Soviet Bloc. To this end demonstrate continued friendly U. S. support for Cambodia's independence, understanding of its policy of neutrality, and concern for its economic and social progress.

43. In shaping particular courses of action in Cambodia, take into account the fact that Prince Sihanouk enjoys widespread popularity, particularly among the rural population, and controls all major sources of political power. Devote special efforts toward developing Sihanouk's understanding of U. S. policies and of the U. S. position in Southeast

Asia, bearing in mind his extreme sensitivity to any suggestion of pressure or slight.

44. Since real or fancied threats from neighboring Free World countries have been a major factor contributing to Cambodia's sense of insecurity and its consequent readiness to accept Sino-Soviet Bloc support, endeavor persistently and firmly to improve Cambodia's relations with these countries, particularly Thailand and Viet Nam. Take every appropriate occasion to impress on the governments of neighboring countries the importance of repairing their relations with Cambodia.

45. Seek means effectively to promote a sense of responsibility on the part of Sihanouk and other Cambodian leaders for exerting sustained effort to create conditions conducive to better relations with neighboring countries and for avoiding contentious and provocative statements. When feasible and consistent with over-all U. S. interests, take steps to prevent provocative actions by any of the countries concerned.

46. Encourage positive cooperation between Cambodia and neighboring countries such as joint participation in the development of the Lower Mekong River Basin as a nucleus for regional cooperation and mutual aid.

47. Continue to provide modest military aid to enable the Cambodian armed forces to maintain internal security against Communist subversion or other elements hostile to U. S. interests and to discourage Cambodia from accepting substantial military aid from the Sino-Soviet Bloc.

48. Concentrate U. S. economic and technical assistance primarily in those areas in which increased Communist influence would entail the greatest threat to Cambodia's neutrality and independence.

49. In view of the relatively strong position still maintained by France in Cambodia, seek opportunities for greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

LAOS

50. Provide military assistance for the development and support of Lao armed forces capable of maintaining internal security against Communist subversion or other elements hostile to U. S. interests and providing limited

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(Revised 8/24/60)

initial resistance to Communist aggression. Encourage Laos to formulate and implement a broadly conceived security plan, including both internal and external security, which encompasses the services of all branches of the Royal Government, civil and military.

51. In the provision of U. S. assistance, direct our programs to the promotion of social and economic progress and unification of Laos, thus helping maintain the confidence of the Royal Government in its anti-Communist, pro-Free World "neutrality".

52. Continue to promote conditions engendering confidence by Lao leaders that the UN Charter, SEATO, and Free World support provide a favorable basis for Lao resistance to Communist pressure and inducements, and at the same time continue to impress upon the Lao the need for a sense of responsibility and recognition that too drastic actions may have adverse international implications.

53. Encourage the Lao to observe constitutional and legal processes as providing the soundest basis for the growth and vitality of democratic institutions; discourage resort to force in political affairs.

54. Encourage the Lao Government to give emphasis to programs tending to reorient disaffected elements of the population.

55. Encourage and support cooperation between Laos and other Southeast Asian countries, particularly Thailand, Viet Nam, the Philippines, Malaya; and Burma, including such joint effort in the anti-subversion, economic, communications, and military fields as is feasible.

56. Develop greater mutual understanding and cooperation with the French in the furtherance of common Free World objectives.

57. Strongly support "the UN presence" and expanded JN technical assistance in Laos, and make a special intensified effort to encourage other friendly nations to assume a larger share of responsibility for the support of the country.

THAILAND

58. Promote the development of a Thai leadership which is increasingly united, stable and constructive, is supported by the Thai people, and willing to continue the alignment of Thailand with the United States and the West.

60. Provide military assistance to Thailand for support of forces sufficient:

- a. To maintain internal security.
- b. To present limited initial resistance to external aggression.
- c. To make a modest contribution to collective defense of contiguous SEATO areas.

Continue to urge the Thai Government to improve the organization of the Thai Armed Forces so as to make a maximum contribution to the above objectives.

61. Encourage and support an improvement in relations between Thailand and Cambodia.

VIET NAM

62. Assist Free Viet Nam to develop a strong, stable and constitutional government to enable Free Viet Nam to assert an increasingly attractive contrast to conditions in the present Communist zone. In this regard encourage and assist public relations and public information programs of the Government of Viet Nam directed both internally to the Free Vietnamese and externally to North Viet Nam.

63. Work toward the weakening of the Communists in North and South Viet Nam in order to bring about the eventual peaceful reunification of a free and independent Viet Nam under anti-Communist leadership.

64. Support the position of the Government of Free Viet Nam that all-Viet Nam elections may take place only after it is satisfied that genuinely free elections can be held throughout both zones of Viet Nam.

65. Assist Free Viet Nam to build up indigenous armed forces, including independent logistical and administrative services, which will be capable of assuring internal security and of providing limited initial resistance to attack by the Viet Minh.

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66. Encourage Vietnamese military planning for defense against external aggression along lines consistent with U. S. planning concepts based upon approved U. S. policy, and discreetly manifest in other ways U. S. interest in assisting Free Viet Nam; in accordance with the SEATO Treaty, to defend itself against external aggression. *came*

67. Encourage and support an improvement in relations between Viet Nam and Cambodia. *new*

FEDERATION OF MALAYA

*revised by memo to Halden
by memo dated 2 Mar 1962*

68. Encourage the continued development of a strong, stable Malaya within the Commonwealth.

69. Encourage the Commonwealth to exercise primary responsibility in Malaya but be prepared to assist, as necessary, in the maintenance of Malaya's stability and independence.

70. In the application to Malaya of the course of action in paragraph 23-a, be prepared to provide needed technical assistance to Malaya, and consider the extension of loans for economic development if alternate sources of financing prove to be inadequate.

71. Discreetly encourage the present Malayan leadership to improve its position of strength and responsibility unless more favorable alternatives develop.

72. Discreetly encourage Malaya's participation and membership in SEATO, avoiding any actions which might strengthen neutralist sentiment.

73. Encourage the Malayan Government to take vigorous actions to curb Communist subversion and to rely primarily on the Commonwealth for any assistance required.

74. Should overt Communist aggression occur against Malaya, place initial reliance on Commonwealth, SEATO or UN resources as appropriate, but be prepared, subject to Malayan request for assistance, to take independent U. S. action along the lines of the proviso in paragraph 20.

SINGAPORE

75. Bearing in mind Singapore's strategic position and its importance to the Free World, encourage development toward a politically stable, economically viable Singapore,

...ing to cooperate with the United States and capable of
...isting internal and external Communist threats.

76. Encourage and support British, Australian, Federa-
...on of Malaya and Singapore Government efforts to
...ngthen moderate political forces in order to counteract
...uch as possible the extreme left's pull on the Govern-
...ent. Be prepared, however, after consultation with the
...tish, to take such independent action as necessary to
...omplish this end.

77. In case the Communists or extreme leftists move
... gain control of the Government by legal or violent
...ans, consult with the United Kingdom, the Federation,

78. Should overt Communist aggression occur against
Singapore, place initial reliance on the resources possessed
by Singapore, the British and the Federation of Malaya,
but be prepared to take action, if necessary, in accordance
with paragraph 20.

79. While recognizing the desire of Singapore to
merge with the Federation, do not encourage such a step
unless and until such action appears to be useful in
achieving both long-range and short-range U. S. aims as
set forth in paragraphs 75 and 76; in the meantime use
the Singapore Government's desire for closer ties and
eventual merger with the Federation in an effort to
counteract the extreme left's pull on the government.

80. Encourage efforts by the Government of Singapore
to solve its political and economic problems in ways con-
sistent with U. S. objectives. To the extent feasible,
rely on the United Kingdom to provide external financial
support to Singapore and, to the extent desired by the
United Kingdom, support the utilization of Free World
international financial institutions in the promoting of
economic development and economic reforms in Singapore.
Be prepared, however, to provide U. S. technical and
economic development assistance when such assistance would
be of special significance in achieving U. S. objectives.

81. In all U. S. activities in Singapore, keep in mind
the continuing British responsibility for Singapore's
defense and foreign affairs, and the British role in internal
security as well as British knowledge and experiences in
governing Singapore, and seek to avoid action likely to
cause a serious misunderstanding between the United States
and the United Kingdom.

VI. SUPPLEMENTARY STATEMENT OF POLICY
on
THE SPECIAL SITUATION IN NORTH VIET NAM

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82. Treat the Viet Minh as not constituting a legitimate government, and discourage other non-Communist states from developing or maintaining relations with the Viet Minh regime.

83. Prevent the Viet Minh from expanding their political influence and territorial control in Free Viet Nam and Southeast Asia.

84. Deter the Viet Minh from attacking or subverting Free Viet Nam or Laos.

85. Probe weaknesses of the Viet Minh and exploit them internally and internationally whenever possible. //

86. Exploit nationalist sentiment within North Viet Nam as a means of weakening and disrupting Sino-Soviet domination. //

87. Assist the Government of Viet Nam to undertake programs of political, economic and psychological warfare against Viet Minh Communists. //

88. Apply, as necessary to achieve U. S. objectives, restrictions on U. S. exports and shipping and on foreign assets similar to those already in effect for Communist China and North Korea. //

SHORT-TERM TRENDS IN SOUTH VIETNAM

The Problem

To assess political and security problems and probable trends in South Vietnam over the next year or so.

CONCLUSIONS

1. Developments within South Vietnam over the past six months indicate a trend adverse to the stability and effectiveness of President Diem's government. Criticism of Diem's leadership within urban groups and government circles has been mounting. More immediately important, the Communist Viet Cong, with support and guidance from Hanoi, has markedly increased subversive operations, terrorist activities, and guerrilla warfare. (Paras. 4-13)

2. Although Diem's personal position and that of his government are probably not

now in danger, the marked deterioration since January of this year is disturbing. These adverse trends are not irreversible, but if they remain unchecked, they will almost certainly in time cause the collapse of Diem's regime. We do not anticipate that this will occur within the period of this estimate. However, if Diem is not able to alter present trends and the situation deteriorates substantially, it is possible during the period of this estimate that the government will lose control over much of the countryside and a political crisis will ensue. (Para. 17)

DISCUSSION

3. Since the beginning of 1960, there has been a general decline in the political and security situations in South Vietnam. The Communist Viet Cong ¹ has stepped up terrorist activities and guerrilla warfare.

At the same time, grievances against the government, which have long been accumulating, have become increasingly urgent and articulate.

The Political Situation

1/ The Viet Cong insurgents represent the paramilitary arm of the North Vietnam Communist Party. The Viet Cong estimated to have in South Vietnam between 3,000 and 5,000 regular armed cadres and about 3,000 irregulars organized as underground troops. Main areas of Viet Cong activity lie south and west of Saigon and along the Cambodian border. North Vietnam furnishes guidance, personnel reinforcements, and logistical support to the insurgents.

4. Discontent with the Diem government has been prevalent for some time among intellectuals and elite circles and, to a lesser extent, in labor and urban business groups. Criticism by these elements focusses on Ngo family rule, especially the roles of the President's brother, Ngo Dinh Nhu, and Madame Nhu, the

pervasive influence of the Can Lao,² the semi-clandestine apparatus of the regime; Diem's virtual one-man rule; and the growing evidence of corruption in high places. In late April, 18 prominent Vietnamese publicly petitioned Diem to "liberalize the regime, expand democracy, grant minimum civil rights, (and) recognize the opposition in order to let the people speak without fear." This unprecedented public attack on Diem by a non-Communist group may embolden other urban elements to become more vocal.

5. A new and even more important element in the political situation is the growing criticism of Diem's leadership within government circles, including the official bureaucracy and military; this criticism has become more intense than at any time since 1956. Since the early part of this year, Vice President Tho, other members of the cabinet, and middle echelon officials have made known their serious concern over Diem's handling of the internal security problem and have privately criticized the power and influence exerted by Nhu and his entourage. In addition, there is considerable uneasiness concerning the operations and activities of the Can Lao organization.

6. Although most of the Vietnamese peasants are politically apathetic, they also have their grievances against the government. These include the ineptitude and arrogance of many local and provincial officials, the lack of effective protection from Viet Cong demands in many parts of the country, the harshness with which many peasants have been forced to contribute their labor to government programs, and the unsettling economic and social effects of the agroville (government-sponsored settle-

ments) program. As a consequence, Diem's government is lacking in positive support among the people in the countryside.

7. The members of Diem's immediate entourage have attempted, with some success, to keep him insulated from unpleasant developments and trends. However, he has become concerned over the deteriorating internal security situation, although he still tends to discount the amount of discontent both in the countryside and among urban elements. Although he has taken some steps to meet the internal security problem, he tends to view it almost entirely in military terms. He believes that increased military activity against the Viet Cong, along with an expansion of the agroville program, will greatly improve internal security. He has been openly contemptuous of the views of oppositionists in Saigon and regards them as uninformed and dupes of the Communists. Diem also has failed to take any major steps against corruption and arbitrary conduct on the part of the Can Lao organization.

The Security Situation

8. Aggravating many of the government's problems is the active campaign of the Viet Cong to discredit Diem and weaken the government's authority through political subversion as well as paramilitary action. The Viet Cong has had some success in exploiting discontented intellectuals, sowing disaffection among the populace, and disrupting the effective administration of government. This campaign has been well organized and skillfully executed, with the result that Diem has been confronted not merely with the armed threat of guerrilla operations but with a comprehensive subversive program.

9. Between mid-1957 and the end of 1959, the Viet Cong conducted a steady but low key campaign of propaganda, subversion, and terrorism in the South Vietnamese countryside. Since January, there has been a significant increase in the number and size of Viet Cong attacks in several areas, particularly in the southwest. Civilian travel on public roads more than 15 miles outside Saigon has become hazardous. Attacking units,

²The Can Lao organization is based on the cell and cadre system, similar to that of the Kuomintang or a Communist party. It is controlled by Diem's brothers, Nhu and Can. Can Lao members are active at virtually every level of Vietnamese political life. One-third of the cabinet members and over half of the National Assembly deputies probably belong to the Can Lao. The organization also controls the regime's mass political party, the National Revolutionary Movement. It is deeply involved in Vietnamese business affairs and has a program to recruit key officers in the Vietnamese military establishment.

estimated to number at times in the hundreds, have operated over wider areas than at any time since 1954 and have assaulted Vietnamese Army installations. Since the beginning of the rainy season in April and the launching of Vietnamese Army counteroperations, Viet Cong operations have abated somewhat but terrorist activity, such as assassination and kidnapping of provincial officials and government sympathizers, has continued at high levels.³ Support from North Vietnam appears to have increased over the past several months. In particular, senior cadres and military supplies such as communications equipment are believed to be moving south through Laos and Cambodia and by junk along the eastern coastline.

10. The upsurge in Viet Cong activity, accompanied by a stepped up propaganda campaign from Hanoi, probably reflects a recent Communist decision to increase pressures on the South Vietnamese Government. The indications of increasing dissatisfaction with the Diem government have probably encouraged the Hanoi regime, supported and guided by the Chinese Communists, to take stronger action at this time. The Chinese Communists probably regard South Vietnam as a promising area for weakening the US position in Southeast Asia at little cost or risk. From the Chinese point of view, many favorable elements are present: a sizable and effective indigenous guerrilla apparatus responsive to Communist control; a government lacking in positive support from its people; and the widely recognized political commitment the US has in South Vietnam.

11. In countering the Viet Cong challenge, Diem faces many of the same problems which confronted the French during the Indo-China War. Viet Cong guerrilla units have succeeded in exploiting their natural advantages of surprise, mobility, and initiative. In many of their areas of operations, they have ex-

ploited the tendency of the largely passive population to accommodate to their presence and thereby avoid reprisals. In some areas of operations, however, they have obtained the active cooperation of the local population.

12. In contrast to the French strategy in the Indo-China War, however, the Vietnamese Government is attempting not only to control the populated areas and main lines of communications but also to group the peasantry into more defensible units through its agrovillage program. Special measures in organization and training have been implemented enabling the army to react more quickly and effectively against guerrilla hit-and-run tactics. The civil guard is forming "commando" units and new stress is being placed on the building of a youth corps, 10,000 strong, for patrol and reconnaissance purposes in the villages and towns.

13. The most effective government measure against the Viet Cong, however, remains the active participation of the army, with air force support. Until recently, the army's commitment to internal security operations has been limited by the deployment of major elements in defense against an overt attack from North Vietnam and by training activities in support of this mission. Some improvement in the army's effectiveness and capabilities can be expected with the increased emphasis on antiguerrilla training, improved organization, and better combat intelligence. We believe it unlikely, however, that the army will be able to do more than contain the Viet Cong threat, at least over the short run.

The Outlook

14. The Viet Cong will probably maintain its pressure on provincial officials and government installations at the present high level, and, with the end of the wet season in October, return to large-scale guerrilla actions aimed at nullifying the government's authority in the rural areas. Hanoi could step up the weight and pace of the Viet Cong activities in South Vietnam. In the absence of more effective government measures to protect the peasants and to win their positive cooperation, the prospect is for expansion of the areas of Viet

³ In the first five months of 1960, 730 government officials and sympathizers were assassinated by insurgents. The total number of assassinations in 1958 was 193 and in 1959, 239. Kidnappings this year through May total 232, as compared with 1 in 1958 and 344 in 1959.

Cong control in the countryside, particularly in the southwestern provinces.

15. Dissatisfaction and discontent with the government will probably continue to rise unless the security situation improves and unless Diem can be brought to reduce the corruption and excesses of his regime. Although there have been no popular demonstrations so far, we believe that the possibilities for antiregime disturbances are increasing. The Viet Cong will attempt to capture and control major demonstrations that occur. Existing police and civil guard strength is capable of controlling small-scale disorders in major population centers, but army support would be required if rioting became widespread.

16. The position of the army in the Vietnamese political scene is not entirely clear. The regime has taken pains to insure that no one army figure could acquire such personal standing or prestige that he could range himself and the army against the government. However, there is some discontent among offi-

cers over Can Lao influence in promotions and assignments, and concern over corruption and nepotism in the army has increased. If unrest in official circles and urban elements became extreme and attempts were made to organize an antiregime opposition, the attitude of the army would become a vital political factor. But it is not clear what the army's action would be in these circumstances.

17. Although Diem's personal position and that of his government are probably not now in danger, the marked deterioration since January of this year is disturbing. These adverse trends are not irreversible, but if they remain unchecked, they will almost certainly in time cause the collapse of Diem's regime. We do not anticipate that this will occur within the period of this estimate. However, if Diem is not able to alter present trends and the situation deteriorates substantially, it is possible during the period of this estimate that the government will lose control over much of the countryside and political crisis will ensue.

Control 2456
September 5, 1960
8:37 AM

From: SAIGON
To: Secretary of State

No: 538, September 5, 1 PM (Section 1 of 2)

Sent Department 538, Repeated Information CINCPAC POLAD 83,
BANGKOK, VEINTIANE, PHNOM PENH, LONDON, PARIS UNNUMBERED

IN VIEW DEVELOPMENTS KOREA, TURKEY, RECENT COUP D'ETATS, AND ATTEMPTED ANTI-GVN DEMONSTRATION ABOUT WEEK AGO (OUR 432) WE BELIEVE IT DESIRABLE ASSESS POSSIBILITIES FOR DEMONSTRATION AND COUP HERE AND LIKELY OUTCOME. POTENTIALITIES OF VARIOUS GROUPS FOR POLITICAL ACTIVITIES OF THESE TYPES GIVEN BELOW:

1. PEASANTS. VARIOUS FACTORS DISCONTENT EXIST SUCH AS LACK OF ADEQUATE PROTECTION AGAINST COMMUNIST ATTACKS AND PRESSURES, LOW PRICES PADDY, COMPULSORY LABOR ON AGROVILLES AND OTHER PROJECTS, AND ARBITRARY METHODS OF AUTHORITIES. DIEM HAS TAKEN SOME STEPS TO TRY ALLEVIATE SOURCES OF DISCONTENT (OUR G-79) BUT IT IS IMPORTANT HE TAKES OTHERS BECAUSE PEASANTRY REPRESENT KEY TO SUCCESS OR FAILURE COMMUNIST GUERRILLA WARFARE IN COUNTRYSIDE AND THUS TO GRADUAL UNDERMINING OF REGIME, HOWEVER, ANY SUDDEN DEMONSTRATION OR COUP AGAINST GVN LIKELY TO CENTER IN SAIGON AND SEEMS IMPROBABLE THAT PEASANTRY IN VIEW LACK ORGANIZATION, TRANSPORT PROBLEMS, ETC. WOULD PLAY SIGNIFICANT ROLE THEREIN.
2. COMMUNISTS. WHILE THERE ARE INDICATIONS THAT COMMIES HAVE SOME STRENGTH IN SAIGON. THEY HAVE NOT YET OPENLY SHOWN THEIR HAND IN CITY AND ARE MUCH MORE LIKELY OPERATE THROUGH INFILTRATED, OSTENSIBLY NON-COMMUNIST ORGANIZATIONS WHICH THEY WILL HELP INSTIGATE TO ACTION. EVEN WITHOUT DEMONSTRATION ATTEMPT BY OTHER GROUPS, THEY MAY ENGAGE IN HIT AND RUN TACTICS OF VIOLENCE IN SAIGON AND IN CASE OF ANY DEMONSTRATION WOULD STEP UP SUCH TACTICS DURING CONFUSION AND WOULD ATTEMPT BEHIND SCENES TO MANIPULATE ANY DEMONSTRATION WHICH BEGAN, PARTICULARLY BY TRYING PROVOKE GVN TO TAKE HARSH MEASURE IN REPRESSION.
3. LABOR. TRADE UNIONS ARE PROBABLY BEST ORGANIZED NON-MILITARY GROUP IN VIET-NAM AND POSSESS MOTIVES FOR POLITICAL ACTION. TRAN QUOC SUU, HEAD CVTC, IS ALLIED WITH MINISTER AGRICULTURE LE VAN DONG AGAINST NHU-TUYEN FACTION IN CAN LAO PARTY; EACH GROUP IS ALSO SUPPORTING COMPETING LEADERSHIP IN OTHER MAIN LABOR FEDERATION CSTV. DONG HAS TALKED PRIVATELY ABOUT DEMONSTRATION. SHOULD HIS FACTION DECIDE UPON ONE, LABOR WOULD UNDOUBTEDLY BE ITS CORE. PROBABLE FACTORS RESTRAINING DONG ARE FEAR THAT HE WOULD NOT SUCCEED AND THAT COMMUNISTS WOULD EXPLOIT DEMONSTRATION TO THEIR ADVANTAGE.

LABOR ALSO HAS ECONOMIC AND SOCIAL GRIEVANCES WHICH PROVIDE FERTILE GROUND FOR OPPOSITION GROUPS OUTSIDE GOVERNMENT TO CULTIVATE. TAXI AND MOTOR POUSSE DRIVERS FOR EXAMPLE WHO LIVE HAND TO MOUTH EXISTENCE WERE ADVERSELY AFFECTED BY INCREASE IN PRICE GASOLINE UNTIL GVN QUICKLY PERMITTED FARE RISE. WHILE NON-GOVERNMENT OPPOSITION GROUPS MIGHT NOT BE ABLE ORGANIZE AS EXTEN-

SIVE SUPPORT AMONG LABOR AS UNION LEADER LIKE BUU, THEY COULD NEVERTHE-
LESS WITH COMMUNIST ORGANIZATIONAL ASSISTANCE PROBABLY STIR UP SOME
SUPPORT FOR DEMONSTRATION.

4. STUDENTS. PREVIOUSLY RELATIVELY INERT, LACKING ORGANIZATION AND
ANY OPPOSITION PARTY FOCUS SUCH AS EXISTED IN KORE AND TURKEY, AND
LIVING IN SCATTERED FASHION RATHER THAN ON CAMPUS, STUDENTS HAVE NEVERTHE-
LESS WITHIN PAST FEW WEEKS BEGUN SHOW POLITICAL DERMENT. THIS PROBABLY
STIMULATED BY DEVELOPMENTS IN OTHER COUNTRIES AND PERHAPS EVEN, IN COUNTER
PRODUCTIVE SENSE, BY INTERVENING GVN EFFORTS AT POLITICAL STERILIZATION
OF STUDENTS. WHILE NO REASON AT THIS STAGE BELIEVE STUDENTS WOULD INITIATE
DEMONSTRATION, PROBABILITY GROWING THAT THEY WOULD JOIN ONE LED BY
OPPOSITIONISTS EITHER WITHIN OR OUTSIDE GOVERNMENT. GVN SECURITY OFFICIALS
ARE CONCERNED OVER GROWING INFLUENCE OF OPPOSITIONIST AND VC PROPAGANDA
AS WELL AS ESTABLISHMENT OF VC CELLS AMONG LYCEE STUDENTS.

5. CATHOLIC REFUGEES. DISSATISFACTION WITH REGIME APPARENTLY EXISTS
AMONG SOME CATHOLICS, WHO REPRESENT GREAT BULK OF THE REFUGEES. PARADOXICALLY,
SOME OF THIS STEMS FROM WHAT THEY FEEL IS TOO HEAVILY CATHOLIC LEADERSHIP
OF REGIME (WITH POTENTIAL REACTION TO FOLLOW) AND SOME TO REGIME'S FAILURE
TO BRING CATHOLICS PARTICULAR BENEFITS (E.G. SCHOOLS). SOME OF HIERARCHY
ALSO HAS STRONG FRENCH BACKGROUND. CERTAIN ELEMENTS HAVE SPOKEN OF
NECESSITY AVOID COMMUNIST TAKEOVER BY CHANGING REGIME AND THERE IS EVIDENCE
OF CATHOLIC REFUGEES HAVING BEEN INVOLVED IN ABORTIVE AUG 19 DEMONSTRATION
(FVS-4948).

6. OPPOSITION GROUPS AND SECTS. WHILE SOME STIRRINGS ARE SEEN AMONG
OPPOSITION GROUPS, SUCH AS THE DAI VIETS, VNQD, AND DAN CHU, THESE GROUPS
ARE NOT EXPECTED TO DISPLAY SUBSTANTIAL ORGANIZED STRENGTH AND MORE LIKELY
WILL CONTINUE TO APPEAR ONLY AMONG INTELLECTUAL CLASS. THEY DO, HOWEVER,
ARTICULATE THE DISSATISFACTION EXISTING IN OTHER CLASSES. SECTS HAVE
GIVEN NO SUBSTANTIAL SIGNS OF REVIVAL OF FORCE EITHER IN SAIGON OR ELSE-
WHERE.

7. POLICE. OF OBVIOUS IMPORTANCE IS STRENGTH AND RELIABILITY LOCAL
POLICE AND OTHER FORCES WHICH COULD BE MUSTERED TO MEET DEMONSTRATION.
METROPOLITAN POLICE NUMBER APPROXIMATELY 5,760 BACKED BY APPROXIMATELY
3,000 MEMBERS OF NATIONAL POLICE AND SECURITY SERVICE UNDER DIRECT CONTROL
OF GENERAL NGUYEN VAN LA. OFFICIAL OF NPSS HAS COMMENTED TO CAS THAT
POLICE WOULD BE LOYAL TO GOVERNMENT AND ACT AGAINST ANY TYPE OF DEMONSTRATION.
OPERATING PRINCIPLES IN GVN'S ANTI-RIOT TACTIC IS TO SMOTHER DEMONSTRATION
BEFORE IT CAN GAIN MOMENTUM, AND WHILE INSTIGATORS CAN STILL BE DETERMINED
AND ARRESTED. FIRST LINE OF DEFENSE ARE SEVERAL HUNDRED SURETE PERSONNEL,
MINGLING IN CROWDS AND REPORTING POSSIBLE TROUBLE. THESE ARE BACKED UP
BY UNIFORMED POLICE DEPARTMENT RIOT SQUAD, CONSISTING OF 200 PERSONNEL
PLUS 10-15 MAN COMMAND SECTION. THE 200 PERSONNEL ARE DIVIDED INTO THREE
PLATOONS, ONE OF WHICH IS ON DUTY (AND ANOTHER ON STANDBY) AT ANY GIVEN
TIME. PLATOON (3) ON DUTY SLEEPS DRESSED AND IS PREPARED TO ANSWER A
CALL WITHIN TWO MINUTES, PLUS AN ESTIMATED TEN MINUTES TO ARRIVE AT SCENE
OF DISTRESS. MEN ARE PRACTICED IN 16 FORMATIONS FOR BREAKING UP A MOB.
THE 200 MAN UNIT IS EQUIPPED WITH TRANSPORTATION, RADIO COMMUNICATIONS,
VARIOUS SUBMACHINE AND RIOT GUNS, TEAR GAS AND OTHER ANTI-RIOT MATERIAL,
AND CAN CALL UPON FIRE DEPARTMENT FOR ABOUT 35 WATER TRUCKS WITH HOSES
(FVS-5007).

DEPARTMENT OF STATE

2456

SEPTEMBER 5, 1960

8:37 AM

FROM: . SAIGON

TO: SECRETARY OF STATE

NR: 538, SEPTEMBER 5, 2 PM (SECTION 2 of 2)

SENT DEPARTMENT 538, REPEATED INFORMATION CINCPAC POLAD 83, BANGKOK, VIENTIANE, PHNOM PENH, LONDON, PARIS UNNUMBERED

FURTHER ARMED SUPPORT AVAILABLE ARE CIVIL GUARD IN AREA, ABOUT 7,000, AND REGULAR ARMY FORCES, NUMBERING THREE BATTALIONS PARACHUTISTS, ONE BATTALION INFANTRY, PRESIDENTIAL GUARD BRIGADE WITH AUTHORIZED STRENGTH OF 1,500 BUT WITH CURRENT OVER-STRENGTH OF APPROXIMATELY 400, ONE BATTALION MARINES, ONE ARMORED COMPANY AND AN UNDETERMINED NUMBER OF PARTIALLY TRAINED RECRUITS FROM QUANG TRUNG TRAINING CENTER ON OUTSKIRTS SAIGON. OTHER FORCES TOTAL THREE BATTALIONS OF INFANTRY AND ARE AVAILABLE; HOWEVER THEY ARE NOW ASSIGNED TO PRIORITY SECURITY AREAS AND WHETHER OR NOT THEY COULD BE PULLED FROM THEIR PRESENT MISSIONS WOULD DEPEND UPON SITUATION.

8. ARMY. [SOME DISCONTENT EXISTS BECAUSE OF POLITICAL PROMOTIONS AND FAVORITISM THROUGHOUT ARMED FORCES STRUCTURE. SOME DISTURBING INDICATIONS OF POSSIBLE DEVELOPMENT SPIRIT FRUSTRATION AND DEFEATISM IN FIGHT AGAINST VIET CONG ALSO RECEIVED, SUCH AS STATEMENT ALLEGEDLY MADE BY GENERAL DUONG VAN MINH THAT FOR EVERY VIET CONG KILLED BY ARMED FORCES GOVERNMENT CREATING TEN IN THEIR REARM HOWEVER INDICATIONS ARE THAT GENERALS REMAIN IMBUED BY NON-POLITICAL APPROACH AND THAT DISCONTENT IS NOT OF SUCH PROPORTIONS THAT ANY GENERAL IS READY TO TAKE INITIATIVE IN LEADING COUP. WE CANNOT OF COURSE EXCLUDE EMERGENCIES OF A "KONG LE" FROM RANKS BELOW GENERAL BUT KEY UNITS IN AND AROUND SAIGON ARE COMMANDED BY OFFICERS BELIEVED TO BE CLOSE AND LOYAL TO DIEM.]

WHILE THERE DOES NOT SEEM TO BE MUCH LIKELIHOOD AT THIS TIME OF COUPLED BY ARMY, PICTURE IS NOT SO CLEAR RE REACTION OF ARMY TO DEMONSTRATION ON COUP STARTED BY OTHERS. IT COULD BE CLEARLY SHOWN THAT SUCH ACTION WAS COMMUNIST-INSPIRED NO PROBLEM RE ARMY REACTION WOULD EXIST, BUT AS ALREADY INDICATED COMMUNISTS ARE LIKELY TO ACT DISCREETLY BEHIND SCENES. IF ACTION DIRECTED AGAINST DIEM, PROBABLY ADEQUATE NUMBER OF POLICE AND ARMED FORCES TO PUT IT DOWN WOULD INITIALLY RESPOND TO CALL; IF ACTION DIRECTED AGAINST ENTOURAGE OR REPRESENTED APPEAL FOR ACTION BY GOVERNMENT, PROBLEM OF PUTTING IT DOWN MIGHT BE MORE DIFFICULT. IN EITHER CASE COURSE OF DEVELOPMENTS SUCH AS REPULSION AT ANY EXTENSIVE SHEDDING OF BLOOD OF NON-COMMUNISTS MIGHT QUICKLY CHANGE ATTITUDE ARMY UNITS INTO ONE UNFAVORABLE TO CONTINUATION REPRESSIVE MEASURES.

9. GENERAL. AN IMPORTANT ASPECT OF PROBLEM IS UNEASY POLITICAL ATMOSPHERE ITSELF, CREATED BY COMBINATION OF CONTINUING VC POLITICAL AND MILITARY GAINS, INSUFFICIENT EVIDENCE OF GVN COUNTERACTION AND SELF CORRECTION AND PANICKY TENDENCIES BY SOME ELEMENTS TO CONSIDER DRASTIC MEASURES, EVEN A COUP. TO FORESTALL COMMUNIST TAKEOVER. THIS LATENT EXPLOSIVE FORCE COULD BE TOUCHED OFF BY AN ILL-ADVISED MOVE BY SINCERE OR OPPORTUNISTIC OPPOSITIONISTS OR BY UNDULY HARSH REPRESSIVE ACTION BY THE GVN.

CONCLUSION: REAL POSSIBILITY DEMONSTRATIONS IN SAIGON EXISTS. COULD BE INSTIGATED BY DONG-BUU FACTION, ESPECIALLY IF IT DECIDES RISK OVERLOOKING FEAR OF COMMUNIST EXPLOITATION. COULD ALSO BE INSTIGATED BY OPPOSITION ELEMENTS OUTSIDE GOVERNMENT, BUT SEEMS UNLIKELY WOULD BE OF ANY SIZEABLE PROPORTIONS UNLESS HOOKED UP WITH COMMUNIST-INFILTRATED GROUP ESPECIALLY IN LABOR FIELD, ANY DEMONSTRATION MORE LIKELY TO BE INITIALLY LOYAL PROTEST CALLING FOR CHANGES IN POLICIES AND PERSONAL AROUND DIEM BUT COULD DEVELOP INTO ANTI-DIEM RIOT. WHILE INITIAL DEMONSTRATION CAN PROBABLY BE PUT DOWN, LONGER TERM OUTCOME WOULD LIKELY DEPEND UPON ARMY ATTITUDE AND DIEM'S METHOD ON HANDLING CRISIS. IN ANY EVENT VC EXPLOITATION IS LIKELY.

-3- 538, SEPTEMBER 5, 2 PM (SECTION 2 OF 2) FROM SAIGON

WE ARE DEVELOPING RECOMMENDED ACTIONS WHICH MIGHT HEAD OFF DEVELOPMENTS OF TYPES ENVISAGED ABOVE AND PRESERVE DIEM AS GVN LEADER. SHALL FORWARD THEM SOONEST.
INFORMATION ADDRESSEES: ABOVE FYI AND NOT REPEAT NOT FOR DISCUSSION WITH GOVERNMENTS.

DURBROW

SEP 13 1960

MEMORANDUM FOR ADMIRAL E. J. O'DONNELL, REGIONAL DIRECTOR, FAR EAST, ISA

FROM: Brigadier General Edward G. Lansdale, OSO/OSD

SUBJECT: Possible Courses of Action in Vietnam

Reference: Memo for ASD/ISA from Secretary Douglas, dated 29 August 1960,
subject: "Deteriorating Situation in South Vietnam"

As noted by the Deputy Secretary of Defense, conditions in Vietnam are deteriorating. The key element in the situation is the activity of the Viet Cong. While criticism of Diem's government in metropolitan areas adds to his problems and interacts with Viet Cong plans, the Viet Cong remains the primary threat to security. To the end of meeting this threat, several proposals are herewith submitted for consideration.

A. Actions within the authority of DOD

(1) The emphasis of the MAAG function should be shifted from purely training and organizational advice in preparation for defense against external aggression to include on-the-spot advice and assistance in the conduct of tactical operations against the Viet Cong.

(2) Concomitantly, the MAAG should be staffed to a greater intent with officers skilled in the conduct of counter-guerilla operations and who are capable of operating in the field. This might include Marines for amphibious instruction on Mekong River operations. If the immediate threat is recognized as being Viet Cong, these proposals logically follow as a deemphasis from conventional warfare against a wholesale DRV invasion. While the latter possibility is not discounted, it is felt that Viet Cong operations offer a more immediate and a very deadly threat to Vietnam.

(3) Equipment required to support counter-guerrilla operations, including turbo-jet boats for Mekong River patrols, should be furnished on a priority basis. Items required by the Vietnamese in the psychological warfare area (See Appendix A) should be given a higher priority within MAP and expeditiously furnished. Advice and training in this field specifically directed against the Viet Cong should be stepped up.

(4) Small coast patrol craft should be made available to the Vietnamese Navy for purposes of restricting coastside supply shipment from North Vietnam to the Viet Cong.

(5) In the intelligence area, again the immediate emphasis should be shifted from conventional combat intelligence to counter-guerrilla intelligence training at the battalion level. Further, an attempt should be made through training and material support to strengthen the Vietnamese counter-intelligence effort in order to frustrate the Viet Cong subversive threat. Finally, RF equipment should be furnished so that an effort can be made to locate Viet Cong radio transmitters.

B. Recommendations requiring coordinated inter-agency action

(1) Strengthen the Civil Guard by making MAAG spaces available for trainers and by provision of small arms and other equipment through MAP supply channels plus utilization of ARVN supply, maintenance, and training facilities.

(2) During the emergency, the Civil Guard should be temporarily put under the Ministry of Defense in order to integrate the activities of the ARVN and the Civil Guard. The Ambassador's concern that the Civil Guard will lose all identity as a civil police force, if this action is taken, is invalid, providing a strong US position to the contrary is announced and maintained.

(3) Emphasis on civic action type activities by the ARVN should be encouraged and advisory and material assistance in this field furnished through MAAP and ICA channels.

(4) The Department of State should reemphasize to the RKG the necessity for according the right of "hot pursuit" to the ARVN in its campaign against the Viet Cong. Since it is strongly suspected that the Viet Cong maintain their headquarters within Cambodia, and since considerable reinforcements to the Viet Cong come through Cambodia, the US should tell the RKG that we explore their inaction in suppressing this activity. The effectiveness of the ARVN sweeps will be largely negated until the ROK takes steps to deny its territory as a sanctuary to the Viet Cong.

(5) Most importantly for the purpose of strengthening the morale of the Vietnamese, President Diem should be informed as soon as possible through appropriate channels of the gravity with which the US government views the internal security situation, of our intent to provide material assistance, and of our unswerving support to him in this time of crisis.

(6) If a large scale operation against the Viet Cong is undertaken by the Vietnamese, the dispatch of Seventh Fleet vessels and Air Force patrols might be useful in deterring sea reinforcements to the Viet Cong.

1 Inclosure
Appendix A

APPENDIX A

Minimum Needs for Psychological Warfare equipment.

- a. Leaflet vans: (for publications platoons).
 - (1) Operations Van (write and illustrate leaflets to be printed).
 - (2) Photo reproductions van (Photograph illustrations to be printed).
 - (3) Press van (print 1,000,000 leaflets in 24 hours).
- b. Three Broadcasting Radio Mobile Groups (5KW) without complete

OUTFIT.

- (1) Emitter and Receiver of 25 KW for Army Broadcasting Station.
- c. Three Line Radio Boats.
- d. 20 Line Radio Cars.
- e. 43 Public Address (high impedance?)
 - (10 loudspeaker groups for BSN NAI propaganda
 - 30 for operations team (long distance)
 - 3 for Aircraft equipment).
- f. 50 Projectors (16 mm) with screen.
- g. One Secretary Machine (documents copy).
- h. Five (5) teletypes.
- i. 500 Radio (receivers).
- j. Equipment and finance to set up "Army Movie Studio".
- k. 50 taperecorders.
- l. Film (16 mm) for sound recording.
- m. Maintain Annual Budget for psychological warfare activities \$33,000,000 (piastres).

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SECRET
Classification

11216

19 6:30 PM

FROM: SAIGON

TO: Secretary of State

13: 629, SEPTEMBER 16, 6 PM (SEC)

SENT DEPARTMENT 629; REPEATED INFORM

LIMIT DISTRIBUTION

OUR 533 AND 539.

[AS INDICATED OUR 535 AND 533 VIET REGIME CONFRONTED BY TWO SEPARATE BUT RELATED DANGERS. DANGER FROM DEMONSTRATIONS OR COUP ATTEMPT IN SAIGON COULD OCCUR EARLIER; LIKELY TO BE PRE- DOMINANTLY NON-COMMUNISTIC IN ORIGIN BUT COMMUNISTS CAN BE EXPLOITED TO ENDEAVOR INFILTRATE AND EXPLOIT ANY SUCH ATTEMPT. EVEN MORE SERIOUS DANGER IS GRADUAL VIET CONG EXTENSION OF CONTROL OVER COUNTRYSIDE WHICH, IF CURRENT COMMUNIST PROGRESS CONTINUES, WOULD MEAN LOSS FREE VIET-NAM TO COMMUNISTS. THESE TWO DANGERS ARE RELATED BECAUSE COMMUNIST SUCCESSES IN RURAL AREAS EMPOWER THEM TO EXTEND THEIR ACTIVITIES TO SAIGON AND BECAUSE NON-COMMUNIST TEMPTATION TO ENGAGE IN DEMONSTRATIONS OR COUP IS PARTLY MOTIVATED BY SINCERE DESIRE PREVENT COMMUNIST TAKE-OVER IN VIET-NAM.

ESSENTIALLY TWO SETS OF MEASURES REQUIRED TO MEET THESE TWO DANGERS. FOR SAIGON DANGER ESSENTIALLY POLITICAL AND PSYCHO- LOGICAL MEASURES REQUIRED. FOR COUNTRYSIDE DANGER SECURITY MEASURES AS WELL AS POLITICAL, PSYCHOLOGICAL AND ECONOMIC MEASURES NEEDED. HOWEVER BOTH SETS MEASURES SHOULD BE CARRIED OUT SIMULTANEOUSLY AND TO SOME EXTENT INDIVIDUAL STEPS WILL BE AIMED AT BOTH DANGERS.

SECURITY RECOMMENDATIONS HAVE BEEN MADE IN OUR 539 AND OTHER MESSAGES, INCLUDING FORMATION INTERNAL SECURITY COUNCIL, CENTRALIZED INTELLIGENCE,

SECRET

Classification

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-2- 624. SEPTEMBER 16, 6 PM (SECTION ONE OF TWO) FROM SAIGON

CENTRALIZED INTELLIGENCE, ETC. THIS MESSAGE THEREFORE DEALS WITH OUR POLITICAL AND ECONOMIC RECOMMENDATIONS. I REALIZE SOME MEASURES I AM RECOMMENDING ARE DRASTIC AND WOULD BE MOST IMPOLITIC FOR AN AMBASSADOR TO MAKE UNDER NORMAL CIRCUMSTANCES. BUT CONDITIONS HERE ARE BY NO MEANS NORMAL. DIEM GOVERNMENT IS IN QUITE SERIOUS DANGER. THEREFORE, IN MY OPINION PROMPT AND EVEN DRASTIC ACTION IS CALLED FOR. I AM WELL AWARE THAT DIEM HAS IN PAST DEMONSTRATED ASTUTE JUDGMENT AND HAS SURVIVED OTHER SERIOUS CRISES. POSSIBLY HIS JUDGMENT WILL PROVE SUPERIOR TO OURS THIS TIME, BUT I BELIEVE NEVERTHELESS WE HAVE NO ALTERNATIVE BUT TO GIVE HIM OUR BEST JUDGMENT OF WHAT WE BELIEVE IS REQUIRED TO PRESERVE HIS GOVERNMENT. WHILE DIEM OBVIOUSLY RESENTED MY FRANK TALKS EARLIER THIS YEAR AND WILL PROBABLY RESENT EVEN MORE SUGGESTIONS OUTLINED BELOW, HE HAS APPARENTLY ACTED ON SOME OF OUR EARLIER SUGGESTIONS AND MIGHT ACT ON AT LEAST SOME OF THE FOLLOWING:

1. I WOULD PROPOSE HAVE FRANK AND FRIENDLY TALK WITH DIEM AND EXPLAIN OUR SERIOUS CONCERN ABOUT PRESENT SITUATION AND HIS POLITICAL POSITION. I WOULD TELL HIM THAT, WHILE MATTERS I AM RAISING DEAL PRIMARILY WITH INTERNAL AFFAIRS, I WOULD LIKE TO TALK TO HIM FRANKLY AND TRY TO BE AS HELPFUL AS I CAN BY GIVING HIM THE CONSIDERED JUDGMENT OF MYSELF AND SOME OF HIS FRIENDS IN WASHINGTON ON APPROPRIATE MEASURES TO ASSIST HIM IN PRESENT SERIOUS SITUATION. (BELIEVE IT BEST NOT INDICATE TALKING UNDER INSTRUCTIONS.) I WOULD PARTICULARLY STRESS DESIRABILITY OF ACTIONS TO BROADEN AND INCREASE HIS POPULAR SUPPORT PRIOR TO 1961 PRESIDENTIAL ELECTIONS REQUIRED BY CONSTITUTION BEFORE END APRIL. I WOULD PROPOSE FOLLOWING ACTIONS TO PRESIDENT:

2. PSYCHOLOGICAL SHOCK EFFECT IS REQUIRED TO TAKE INITIATIVE FROM COMMUNIST PROPAGANDISTS AS WELL AS NON-COMMUNIST OPPOSITIONISTS AND CONVINCE POPULATION GOVERNMENT TAKING EFFECTIVE MEASURES TO DEAL WITH PRESENT SITUATION, OTHERWISE WE FEAR MATTERS COULD GET OUT OF HAND. TO ACHIEVE THAT EFFECT FOLLOWING SUGGESTED:

(A) BECAUSE OF

-3- 624, SEPTEMBER 16, 6 PM (SECTION ONE OF TWO) FROM SAIGON

(A) BECAUSE OF VICE PRESIDENT THO'S KNOWLEDGE OF SOUTH WHERE COMMUNIST GUERRILLA INFILTRATION IS SPREADING SO RAPIDLY I WOULD SUGGEST THAT HE BE SHIFTED FROM MINISTRY NATIONAL ECONOMY TO MINISTRY INTERIOR. (DIEM HAS ALREADY MADE THIS SUGGESTION BUT VICE PRESIDENT MOST RELUCTANT TAKE JOB.)

(B) IT IS IMPORTANT TO REMOVE ANY FEELING WITHIN ARMED FORCES THAT FAVORITISM AND POLITICAL CONSIDERATIONS MOTIVATE PROMOTIONS AND ASSIGNMENTS. ALSO VITAL IN ORDER DEAL EFFECTIVELY WITH VIET-CONG THREAT THAT CHANNELS OR COMMAND BE FOLLOWED BOTH DOWN AND UP. TO ASSIST IN BRINGING ABOUT THESE CHANGES IN ARMED FORCES, I WOULD SUGGEST APPOINTMENT OF FULL-TIME MINISTER NATIONAL DEFENSE. (THUAN HAS INDICATED DIEM HAS BEEN THINKING OF GIVING THUAN DEFENSE JOB.)

(C) RUMORS ABOUT MR. AND MRS. NHU ARE CREATING GROWING DISSENTION WITHIN COUNTRY AND SERIOUSLY DAMAGE POLITICAL POSITION OF DIEM GOVERNMENT. WHETHER RUMORS TRUE OR FALSE, POLITICALLY IMPORTANT FACT IS THAT MORE AND MORE PEOPLE BELIEVE THEM TO BE TRUE. THEREFORE, BECOMING INCREASINGLY CLEAR THAT IN INTEREST DIEM GOVERNMENT SOME ACTION SHOULD BE TAKEN. IN ANALAGOUS SITUATIONS IN OTHER COUNTRIES INCLUDING US IMPORTANT, USEFUL GOVERNMENT PERSONALITIES HAVE HAD TO BE SACRIFICED FOR POLITICAL REASONS. I WOULD SUGGEST THEREFORE THAT PRESIDENT MIGHT APPOINT NHU TO AMBASSADORSHIP ABROAD.

(D) SIMILARLY TRAN KIM TUYEN, NHU'S HENCHMAN AND HEAD OF SECRET INTELLIGENCE SERVICE, SHOULD BE SENT ABROAD IN DIPLOMATIC CAPACITY BECAUSE OF HIS GROWING IDENTIFICATION IN PUBLIC MIND WITH ALLEGED SECRET POLICE METHODS OF REPRESSION AND

DURBROW

TO: SAIGON

FROM: Secretary of State

INFO: (60). SEPTEMBER 16; 6 PM (SECTION TWO OF TWO)

SENT DEPARTMENT (60); REPEATED INFORMATION GINEPAC POLAD (5).

LEAD DISTRIBUTION

(5) ONE OR TWO CABINET MINISTERS FROM OPPOSITION SHOULD BE APPOINTED TO DEMONSTRATE GOVERNMENT'S DESIRE TO ESTABLISH GOVERNMENT OF NATIONAL UNION IN FIGHT AGAINST VC.

3. MAKE PUBLIC ANNOUNCEMENT OF DISBANDMENT OF CAN LAD PARTY OR AT LEAST ITS SURRENDER, WITH NAMES AND POSITIONS OF ALL MEMBERS MADE KNOWN PUBLICLY. PURPOSE THIS STEP WOULD BE TO ELIMINATE ATMOSPHERE OF FEAR AND SUSPICION AND REDUCE PUBLIC BELIEF IN FAVORITISM AND CORRUPTION, ALL OF WHICH PARTY'S SEMI-COURT STATUS HAS GIVEN RISE TO.

4. PERMIT NATIONAL ASSEMBLY WIDER LEGISLATIVE INITIATIVE AND AREA OF GENUINE DEBATE AND BESTOW ON IT AUTHORITY TO CONDUCT, WITH APPROPRIATE PUBLICITY, PUBLIC INVESTIGATIONS OF ANY DEPARTMENT OF GOVERNMENT WITH RIGHT TO QUESTION ANY OFFICIAL EXCEPT PRESIDENT HIMSELF. THIS STEP WOULD HAVE THREE-FOLD PURPOSE: (A) FIND SOME MECHANISM FOR DISPELLING THROUGH PUBLIC INVESTIGATION CONSTANTLY GENERATED RUMORS ABOUT GOVERNMENT AND ITS PERSONALITIES; (B) PROVIDE PEOPLE WITH AVENUE RECOURSE AGAINST ARBITRARY ACTIONS BY SOME GOVERNMENT OFFICIALS; (C) ASSUAGE SOME OF INTELLECTUAL OPPOSITION TO GOVERNMENT.

5. REQUIRE ALL GOVERNMENT OFFICIALS TO DECLARE PUBLICLY THEIR PROPERTY AND FINANCIAL HOLDINGS AND GIVE NATIONAL ASSEMBLY AUTHORITY TO MAKE PUBLIC INVESTIGATION OF THESE DECLARATIONS IN EFFORT DISPEL RUMORS OF CORRUPTION.

6. RELAX EXISTING

RESTRICTIONS ON THE
ONLY IS CONTAINED
UNITED STATES

-2 624, SEPTEMBER 16, 6 PM (SECTION TWO OF TWO) FROM SAIGON

6. RELAX EXISTING MINISTRY OF INFORMATION CONTROL OVER COGENT OF THE VIETNAMESE PUBLIC MEDIA (PRESS, MAGAZINES, RADIO), SO THAT THEY MAY CONTRIBUTE TO WIDER DISSEMINATION OF FACTS TO DISPEL RUMORS, ESPECIALLY WITH RESPECT TO RECOMMENDATIONS 4 AND 5 ABOVE, AND THUS TO CLOSING THE GAP BETWEEN GOVERNMENT AND ITS PEOPLE BY TRANSMITTING IDEAS FROM ONE TO THE OTHER. TO INSURE THAT THE PRESS WOULD REFLECT, AS WELL AS LEAD, PUBLIC OPINION WITHOUT BECOMING A MEANS OF UPSETTING THE ENTIRE GVN STRUCTURE, IT SHOULD BE HELD RESPONSIBLE TO A SELF-IMPOSED CODE OF ETHICS OR "CANON" OF PRESS-CONDUCT.

7. LAUNCH MAJOR PROPAGANDA CAMPAIGN ABOUT NEW 3-YEAR DEVELOPMENT PLAN IN EFFORT CONVINCE PEOPLE THAT GOVERNMENT GENUINELY AIMS AT IMPROVING THEIR WELFARE. (THIS SUGGESTION DEPENDENT OF COURSE UPON ASSESSMENT OF SOUNDNESS OF DEVELOPMENT PLAN, WHICH HAS JUST REACHED US.)

8. ADOPT FOLLOWING MEASURES FOR IMMEDIATE ENHANCEMENT OF PEASANT SUPPORT OF GOVERNMENT: (A) ESTABLISH MECHANISM FOR INCREASING PRICE PEASANT WILL RECEIVE FOR PADDY CROP BEGINNING TO COME ON MARKET IN DECEMBER, EITHER BY DIRECT SUBSIDIZATION OR ESTABLISHMENT STATE PURCHASING MECHANISM; (B) INSTITUTE MODEST PAYMENT FOR ALL CORVEE LABOR; (C) SUBSIDIZE AGROVILLE FAMILIES ALONG SAME LINES AS LAND RESETTLEMENT FAMILIES UNTIL FORMER ON FEET ECONOMICALLY; (D) INCREASE COMPENSATION PAID TO YOUTH CORPS. IF DIEM ASKS HOW THESE MEASURES ARE TO BE FINANCED I SHALL SUGGEST THROUGH INCREASED TAXES OR INCREASED DEFICIT FINANCING, AND SHALL NOTE THAT UNDER CERTAIN CIRCUMSTANCES REASONABLE DEFICIT FINANCING BECOMES A POLITICALLY NECESSARY MEASURE FOR GOVERNMENTS. I SHOULD ADD THAT USING REVENUES FOR THESE FUNDAMENTAL AND WORTHY PURPOSES WOULD BE MORE EFFECTIVE THAN SPENDING LARGER AND LARGER SUMS ON SECURITY FORCES, WHICH, WHILE THEY ARE ESSENTIAL AND SOME ADDITIONAL FUNDS FOR EXISTING SECURITY FORCES MAY BE REQUIRED, ARE NOT COMPLETE ANSWER TO CURRENT PROBLEMS.

9. PROPOSE SUGGEST TO DIEM THAT APPROPRIATE STEPS OUTLINED ABOVE BE ANNOUNCED DRAMATICALLY IN HIS ANNUAL STATE OF UNION

MESSAGE TO

-3- 624, SEPTEMBER 16, 6 PM (SECTION TWO OF TWO) FROM SAIGON

MESSAGE TO NATIONAL ASSEMBLY IN EARLY OCTOBER. SINCE DIEM USUALLY DELIVERS MESSAGE IN PERSON THIS WOULD HAVE MAXIMUM EFFECT, AND I WOULD RECOMMEND THAT IT BE BROADCAST LIVE TO COUNTRY.

10. AT SOME STAGE, PERHAPS ON OCCASION FIFTH ANNIVERSARY ESTABLISHMENT REPUBLIC OF VIETNAM ON OCTOBER 26, IT MAY BECOME HIGHLY DESIRABLE FOR PRESIDENT EISENHOWER TO ADDRESS A LETTER OF CONTINUED US SUPPORT TO DIEM. DIEM HAS UNDOUBTEDLY NOTICED THAT EISENHOWER LETTER RECENTLY DELIVERED TO SINANOUK. NOT ONLY FOR THIS REASON BUT ALSO BECAUSE IT MAY BECOME VERY IMPORTANT FOR US TO GIVE DIEM CONTINUED REASSURANCE OF OUR SUPPORT, PRESIDENTIAL LETTER WHICH COULD BE PUBLISHED HERE MAY PROVE TO BE VERY VALUABLE.

REQUEST ANY ADDITIONAL SUGGESTIONS DEPARTMENT MAY HAVE AND ITS APPROVAL FOR APPROACH TO DIEM ALONG LINES PARAS 1 TO 9.

WE BELIEVE US SHOULD AT THIS TIME SUPPORT DIEM AS BEST AVAILABLE VIETNAMESE LEADER, BUT SHOULD RECOGNIZE THAT OVERRIDING US OBJECTIVE IS STRONGLY ANTI-COMMUNIST VIETNAMESE GOVERNMENT WHICH CAN COMMAND LOYAL AND ENTHUSIASTIC SUPPORT OF WIDEST POSSIBLE SEGMENTS OF VIETNAMESE PEOPLE, AND IS ABLE TO CARRY ON EFFECTIVE FIGHT AGAINST COMMUNIST GUERRILLAS. IF DIEM'S POSITION IN COUNTRY CONTINUES DETERIORATE AS RESULT FAILURE ADOPT PROPER POLITICAL, PSYCHOLOGICAL, ECONOMIC AND SECURITY MEASURES, IT MAY BECOME NECESSARY FOR US GOVERNMENT TO BEGIN CONSIDERATION ALTERNATIVE COURSES OF ACTION AND LEADERS IN ORDER ACHIEVE OUR OBJECTIVE.

DURBROW

HC/

FOREIGN SERVICE DESPATCH

FROM: Amembassy, SAIGON

157
Desp. No.

TO: THE DEPARTMENT OF STATE, WASHINGTON

October 15, 1960

REF: EMBTEL 802, Oct. 15, 1960

Subject: Approach to President Diem on Suggested Political Actions

Attached as enclosure 1 is the English text of a memorandum on suggested political actions, a French translation of which was read and then handed to President Diem by Ambassador Durbrow on October 14, 1960. The French translation which was left with President Diem was classified "Top Secret" for the purpose of impressing Diem. For United States' purposes, however, we consider the classification of both the English and French texts to be Secret.

Attached as enclosure 2 is the English text of notes on the suggested transfer of Ngo Dinh Nhu and Dr. Tran Kim Tuyen, a French translation of which was read to President Diem by Ambassador Durbrow at the same time.

President Diem's reaction to this approach was described in our telegram No. 802, October 15, 1960.

For the Ambassador

/s/

Joseph A. Mendenhall
Counselor of Embassy for
Political Affairs

INFO: SDEF-7 FILE-1(8)JF/KS

Enclosures:

English text of memorandum on
suggested political actions

English text of notes on suggested
transfer of Ngo Dinh Nhu and Dr.
Tran Kim Tuyen.

ENGLISH TEXT OF MEMORANDUM HANDED TO PRESIDENT DIEM

Mr. President, in your struggle for survival against the Viet Cong, you have taken many wise steps with respect to the security forces of the Government, and I understand that you are in the process of setting up a national Internal Security Council and a centralized intelligence agency as important and necessary additional steps toward giving effective guidance to and making maximum use of the security forces. We have recognized the increased security threat to your Government and the additional needs of your security forces. We have shown this recognition by the comprehensive program for training, equipping and arming the Civil Guard which I have just explained, by our furnishing special forces personnel for the anti-guerrilla training of ARVN and by supplying the special equipment needs of ARVN for the war against the guerrillas.

Our serious concern about the present situation is based, however, not only on the security threat posed by the Viet Cong, but also on what to us seems to be a decline in the popular political support of your Government brought on in part, of course, by Viet Cong intimidation. As your friend and supporter, Mr. President, I would like to have a frank and friendly talk with you on what seems to be the serious political situation confronting your Government. While I am aware that the matters I am raising deal primarily with internal affairs and, therefore, in ordinary circumstances would be no concern of mine, I would like to be as helpful as I can by giving you the considered judgment of myself and some of my friends and your friends in Washington on what we hope would be appropriate measures to assist you in this present crucial situation.

I believe that your speech to the National Assembly on October 3, in which you stated that your Government has decided to reorganize certain of its institutions and to rationalize and simplify its working methods, indicates that we may be thinking to some extent at least along the same lines.

I would like particularly to stress the desirability of actions to broaden and increase your popular support prior to the 1961 Presidential elections. It would seem to me that some sort of a psychological shock effect would be helpful in order to take the initiative from the Communist propagandists as well as the non-Communist oppositionists, and to convince the population that your Government is taking effective political as well as security measures to deal with the present situation. It would appear that, unless fully effective steps are taken to reverse the present adverse political trend, your Government will face an increasingly difficult internal security situation. It is our carefully considered view that small or gradual moves are not adequate. To attain the desired effect, moves, major in scope and with extensive popular appeal, should be taken at once. Specific actions which we would suggest are as follows:

(1) We suggest that you consider Cabinet changes as a necessary part of the effective moves needed to build up popular interest and support. One Cabinet change that we believe would be helpful would be the appointment of a full-time Minister of National Defense in order to permit you to devote your attention to developing over-all policies. To achieve maximum benefit it is suggested that you issue firm directives to assure that there is adherence to channels of command both up and down and that firm action be taken to eliminate any feeling that favoritism and political considerations enter into the promotion and assignment of personnel in the armed forces. Removal of this latter feeling is of great importance if the morale of the armed forces is not to be adversely affected during their mortal struggle against the Viet Cong.

We suggest that one or two members of the non-Communist opposition be given Cabinet posts in order to demonstrate to the people your desire for the establishment of national unity in the fight against the Viet Cong, and to weaken the criticisms of the opposition which have attracted considerable attention both in Saigon and abroad.

(2) In rationalizing and simplifying the Government's methods of work, we suggest you seek to find new methods to encourage your Cabinet Members to assume more responsibility rather than frequently submitting relatively minor matters to the Presidency for decision, thus allowing you more time to deal with basic policy matters; that the new national Internal Security Council be so constituted as to be the top level policy-making institution by having it meet frequently under your chairmanship for full discussion of all the major problems confronting the Government and proposed solutions thereto; and that of authority from you in direct line to the department and agency heads properly concerned. Under this system Cabinet Ministers and agency heads can be held fully responsible for the operation of their departments and agencies, because of the full authority you have bestowed upon them. If a Cabinet Minister cannot fulfill his responsibilities under this system, we would then suggest that you replace him.

(3) We would suggest that you consider altering the nature of the Can Iao Party from its present secret character to that of a normal political party which operates publicly, or even consider disbanding it. If the first alternative is adopted, various methods of convincing the population that the action has been taken might be used, such as party publication of a list of its members. The purpose of this action would be to eliminate the atmosphere of secrecy and fear and reduce the public suspicion of favoritism and corruption, which the Can Iao Party's secret status has fostered according to many reports we have heard in and out of the Government.

Page 3
Enclosure 1
Despatch 157
From Saigon

(4) We suggest that the National Assembly be authorized to investigate any department or agency of the Government. The Assembly should be authorized to conduct its investigations through public hearings and to publish the findings. This investigative authority for the Assembly would have a three-fold purpose: (a) to find some mechanism for dispelling through public investigation the persistent rumors about the Government and its personalities; (b) to provide the people with an avenue of recourse against arbitrary actions by certain Government officials; and (c) to assuage some of the non-Communist opposition to the Government.

We further suggest that the National Assembly be asked to establish requirements for the behavior of public servants.

New We also suggest that the National Assembly be encouraged to take wider legislative initiative through the introduction of bills sponsored by individual Deputies or groups of Deputies, as well as to broaden area of public debate on all bills, whether Government-sponsored or introduced on a Deputy's initiative.

(5) We suggest that you issue a warning that you may require every public official to make a declaration, for possible publication, listing his property and sources of income.

(6) We suggest that you announce that, if the press will take a responsible role in policing itself, the controls exercised over it by the Government would be reduced. In this connection you might wish to consider the appointment of a committee, including representatives of the press and some members of the opposition, to draft a press code which the press would police. Within the framework of such a code the press could be a means of disseminating facts in order to reduce rumor-mongering against the Government, malicious or not, much of which stems from lack of information.

New Providing timely and more ample information would also help to reduce anti-Government rumors. Means to accomplish this include greater access for the press to responsible members of the Government, and frequent public statements from the Presidency and first-hand chats, transmitted to the people by radio, sound-film, tape recordings, and through the press. The more these media are encouraged to reach the provinces, the more effective will they be in bringing the people closer to your Government by providing a means of transmitting ideas from one to the other.

(7) We would like to suggest that you liberalize arrangements for Vietnamese wishing to study abroad, and for this purpose make more foreign exchange available.

We also suggest that you ease restrictions on the entry into and departure from Viet-Nam of Vietnamese nationals, in order to encourage Vietnamese will

trained abroad to return and make their contribution to the development of their country.

(8) We suggest that you consider some appropriate means by which villagers could elect at least some of their own officials. Such elections at the village level would be a means of associating the population with the Government and of eliminating arbitrary actions by local government officials by demonstrating to them that they will periodically be judged at the polls.

(9) We suggest prompt adoption of the following measures for the enhancement of the Government's support in rural areas:

(a) Take action which will result in an increase in the price which peasants actually will receive for paddy before the new harvest.

(b) Liberalize the terms of credit extended to the small rice farmers.

(c) Continue to expand expenditures for agricultural development and diversification, particularly in the Mekong Delta area.

(d) Institute a system of modest Government payment for all community development labor whether on agrovilles or on other Government projects.

(e) Institute a system of limited subsidies to the inhabitants of agrovilles during the period of their readjustment. While the two situations are not completely comparable, the subsidies helped to bridge the period of adjustment for the settlers in the High Plateau. This should help to develop a favorable popular attitude toward the agrovilles by covering some of the expenses incurred in moving to and getting settled in the agrovilles.

New (f) Give appropriate and adequate compensation to the 2000 village health workers. These workers can serve as an important arm of the Government in establishing friendly relations with villagers.

New (g) Increase compensation paid to the Self Guard Youth.

(10) We suggest that as many of the steps recommended above as possible be announced dramatically to the public in your message to the people on October 26. We would envisage this message as a ringing effort to obtain the support of all non-Communist elements for your Government and to create national unity to win the fight against the Viet Cong.

ENGLISH TEXT OF NOTES ON NGO DINH NHU AND DR. TRAN KIM TUYEN

In addition to these positive moves, again as a friend and most reluctantly, I feel that I should bring to your attention the increasing discontent among various strata of Vietnamese society with the role and alleged activities of your brother Ngo Dinh Nhu and Madame Nhu. I repeat, I bring this matter up most reluctantly since I have respect for Mr. and Mrs. Nhu and I know how much you count on his advice and counsel. I know personally of the many contributions he has made to the success of your Government and I know that he is equally desirous with you to maintain the independence and integrity of Viet-Nam, as well as to advance the fine progress which has already been made in your country. We have discussed this type of rumor before and I know that you have full confidence in your brother. Nevertheless, the position that Mr. and Mrs. Nhu hold in Viet-Nam has become the basis for a large amount of criticism and discontent against the Government. Unfortunately, whether based on fact or not, this criticism has reached the point that question is no longer whether these allegations are true or not. The fact that more and more people are believing them is seriously damaging the prestige of the Government. Unfortunately these rumors are also being used against your Government by Viet Cong propagandists in the countryside. Therefore, since it appears that these allegations are assuming a larger and larger importance in the public mind and are causing considerable discontent in the country, it might perhaps be advisable to give serious consideration to transferring Mr. Nhu to other duties. It has been suggested that he might be given an Ambassadorial assignment abroad. As you know, Mr. President, many Governments, including my own, have from time to time found it necessary to remove or transfer highly useful officials because of the adverse public image they have created.

In this connection we have also heard much criticism of the role and activities of Dr. Tran Kim Tuyen, who, according to a growing number of reports, has come to represent a negative force in the minds of many. This too constitutes a basis for serious discontent and resentment against the Government. I personally know Dr. Tuyen and know of his abilities and contribution to the work of the Government, but because of the negative attitude about him which has developed, it might be well to consider his appointment to a post abroad.

I repeat, as unfounded as these reports and rumors may be, it has often proven advantageous to other Governments to make transfers of this kind.

CORRECTION ISSUED:
10/17/60 6:30 AM VS
Control: 8208
Red'd: October 15, 1960
6:23 AM

FROM: SAIGON - CORRECTED PAGE 1

TO: SECRETARY OF STATE

NO: 802, OCTOBER 15, 6 AM

SENT DEPARTMENT 802. REPEATED INFORMATION CINCPAC POLAD 122

LIMIT DISTRIBUTION

DEPTTEL 581

DIEM RECEIVED ME ON 14TH FOR HOUR AND FIFTEEN MINUTES WHICH PERMITTED ME OUTLINE NEW PROPOSALS TRAIN CIVIL GUARD AND HAVE FRANK DISCUSSION RE SUGGESTED STEPS TO AMELIORATE DETERIORATING POLITICAL SITUATION.

AFTER OUTLINING NEW PROPOSALS FOR CIVIL GUARD, WHICH PLEASED HIM VERY MUCH (REPORTED IN SEPARATE TELEGRAM), IN WHICH THUAN TOOK PART, I SUGGESTED TO PRESIDENT THAT I WOULD LIKE TO HAVE OPPORTUNITY TO TALK WITH HIM ALONE. THUAN LEFT. I THEN READ COPY, CONTAINING SUGGESTIONS AGREED TO BY DEPARTMENT IN REPTTEL (ENGLISH TEXT BY POUCH). /BEFORE READING TEXT I STATED THAT ON OCTOBER 13 I HAD BEEN IN VIETNAM FOR THREE AND ONE HALF YEARS, HAD FOUND MY ASSIGNMENT EDIFYING, INTERESTING, AND MOST WORTHWHILE. I MENTIONED SOLID AND WORTHWHILE PROGRESS I HAD NOTED IN COUNTRY SINCE 1957 AND CONGRATULATED PRESIDENT ON HIS MANY FINE ACCOMPLISHMENTS. I THEN STATED THAT SINCE I ADMIRER HIS COURAGE AND DETERMINATION I PERSONALLY DESIRED TO DO ALL I COULD TO HELP HIM, PARTICULARLY IN THESE TRYING TIMES. I ADDED I PERSONALLY, AND OTHER FRIENDS OF HIS HERE AS WELL AS THOSE IN WASHINGTON, HAVE BEEN GIVING MUCH THOUGHT ABOUT HOW WE MIGHT BE HELPFUL TO HIM. RESULTS OF OUR THINKING LED TO CONCLUSION THAT WE COULD BE MOST HELPFUL IF WE SHOULD MAKE SEVERAL SUGGESTIONS WHICH I COULD PUT TO HIM IN A FRANK MANNER AS A FRIEND. I THEN READ THE PAPER. /

DIEM LISTENED INTENTLY AND MADE NO COMMENTS WHILE I WAS READING EXCEPT TO REMARK AFTER I HAD SUGGESTED HE MIGHT GET RID OF MINISTERS WHO HAD NOT CARRIED OUT THEIR RESPONSIBILITIES, BY SAYING HARDEST THING TO DO IS TO GET QUALIFIED PERSONS WHO WILL TAKE RESPONSIBILITIES.

WHEN I FINISHED READING PRESIDENT STATED THAT MOST OF SUGGESTIONS I HAD MADE CONFORMED TO HIS BASIC IDEAS, BUT ADDED AS MUCH AS HE WOULD LIKE TO PUT THESE INTO EFFECT, STEPPED-UP ACTIVITIES OF THE VIET CONG MADE IT MOST DIFFICULT. HE ADDED THAT MANY PEOPLE HAVE BEEN INTIMIDATED BY VIET CONG AND SOME HAD BEEN WON OVER SO THAT IT WOULD BE DIFFICULT TO CARRY OUT SOME OF STEPS REGARDING COUNTRYSIDE. I REPLIED WHILE I REALIZED DIFFICULTIES I WAS FIRMLY CONVINCED AFTER MOST CAREFUL CONSIDERATION THAT IT ESSENTIAL NOW TO TAKE MANY IF NOT ALL OF THESE SUGGESTED STEPS ON A

CALCULATED-RISK BASIS IN ORDER TO CREATE THE PSYCHOLOGICAL SHOCK WHICH I BELIEVED ESSENTIAL AT THIS TIME. PRESIDENT MADE NO FURTHER COMMENT EXCEPT TO TELL ME THAT HE WOULD CONSIDER THE SUGGESTIONS I HAD GIVEN HIM.

I THEN AGAIN BEGGED HIS INDULGENCE AND ASKED IF I COULD BRING UP A MOST SENSITIVE AND DELICATE MATTER WHICH I FELT IN HIS INTEREST AND IN INTEREST OF VIETNAM I SHOULD DISCUSS VERY FRANKLY. FROM NOTES IN FRENCH WHICH I READ BUT DID NOT LEAVE WITH HIM, (COPY BY POUCH), I DISCUSSED GROWING CRITICISM OF HIS PROTER AND MADAM NHU, AS WELL AS DR. BUYEN AND SUGGESTED THAT THEY SHOULD BE ASSIGNED ABROAD. DIEM DID NOT INTERRUPT ME BUT ASSUMED SOMEWHAT GRIM, AND I DETECTED SLIGHTLY HURT MANNER. HIS ONLY COMMENT WAS THAT THESE RUMORS ABOUT THE NHUS WERE SPREAD BY COMMUNISTS. I REPLIED THAT I WAS SURE THAT COMMUNISTS WERE DOING ALL THEY COULD TO SPREAD SUCH RUMORS BUT I REPEATED THAT THE UNFORTUNATE PART ABOUT IT IS THAT MORE AND MORE PEOPLE ARE BELIEVING THESE REPORTS--VIETNAMESE LOYAL TO HIM, THOSE WHO MIGHT BE CONSIDERED IN THE OPPOSITION, FOREIGN CIVILIANS AND FOREIGN DIPLOMATS TO SAY NOTHING TO THE PRESS. I REPEATED, AS I HAD PREVIOUSLY, THESE REPORTS WERE SERIOUSLY DAMAGING PRESTIGE OF HIS REGIME.

AFTER DISCUSSING THE NHUS, I AGAIN APOLOGIZED, FIRST OF ALL FOR BRINGING UP THIS PERSONAL AND SENSITIVE SUBJECT, AS WELL AS THE OTHER SUGGESTIONS I HAD MADE. I AGAIN ASKED HIS INDULGENCE AND FORGIVENESS FOR SPEAKING SO FRANKLY AND ADDED I HOPED HE WOULD UNDERSTAND THAT I WAS TALKING AS A SINCERE FRIEND.

COMMENT: CONSIDERING THE FAIRLY FRANK CRITICISM I MADE OF HIS REGIME AND FAMILY, DIEM OUTWARDLY SHOWED NO REAL RESENTMENT. AFTER I APOLOGIZED FOR BRINGING UP THE NHU QUESTION, DIEM REMAINED SILENT FOR A BIT AND THEN WE DISCUSSED LAO DEVELOPMENTS IN A MATTER-OF-FACT REALISTIC WAY. I SAID I WAS SURE THAT PARSONS WOULD FILL HIM IN REGARDING LATEST LAO DEVELOPMENTS WHEN HE IS HERE ON 18TH. I THEN REITERATED MY CLOSING APOLOGETIC COMMENTS ON THE NHU QUESTION AND TOOK MY LEAVE, WHICH WAS QUITE CORDIAL.

DURBROW

OUTGOING TELEGRAM Department of State

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Classification

08182

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to the South Central Area

751K.5-MSP/10-1960

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Date	

SENT TO: Anembassy SAIGON 650

Rptd info: CINCPAC

JOINT STATE-DOB MESSAGE

1. ~~XXXXXXXXXXXX~~ View continuing communist inspired and directed insurgency in VN, ~~consider~~ ^{should be developed} over-all plan/for encouraging and supporting GVN in national emergency effort defeat insurgents and bring about order and stability in that country. Such action determined necessary in order check disruptive influences which could cause disintegration of the Government and the possible loss of South Viet-Nam to Communist Bloc.

2. Studies of problem indicate plan for GVN should provide for integration and centralized direction of maximum resources in order combat insurgency. Based on requirements outline plan (sec Para 4), US agencies Saigon may wish develop plan further, work out procedures thereunder and determine US personnel, materiel and budgetary support requisite successful implementation this GVN emergency effort.

3. Before such plan and procedures made known to GVN, they would be reviewed in Washington for consistency with US policy and for funding. When US position established, GVN would be approached to gain acceptance such plan and to work out details of organization, implementation by

Drafted by: FE:SEA:CEWood:jns 10/18/60

Telegraphic transmission and classification approved by:

FE - John M. Steeves

DOB/ISA-Col. Flesch

SEA - Mr. Cleveland

ICA - Mr. Nestle

S/S - CR

1325

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OCT 19 1960 A.M.

Classification

Classification

GVN authorities and provision of US support.

4. Draft outline plan for GVN national action cabled Chief NAMG (Defense Message 982994 - 162156Z Sept 60) should be developed by Ambassador and CT in sufficient detail to provide basis approval courses of action and US support requirements therefor. Realize several important ideas suggested draft outline plan already under study by GVN. This ~~EX~~ might facilitate acceptance by GVN over-all plan which appears necessary meet national emergency.

Hester
Jm2

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SENT TO: AmEmbassy Saigon 775, 11 November 1960

RPTD INFO: CINCPAC FOR POLAD

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If still appropriate you may wish inform Diem and at your discretion get word to coup leaders that we consider it overriding importance to Viet Nam and Free World that agreement be reached soonest in order avoid continued division, further bloodshed with resultant fatal weakening Viet-Nam's ability resist Communists.

HERTER

Pencilled Note:

Parson's pushing the panic button again?

S/S.

11/11/60 FE:SEA: RO Cleveland

FR - J. Graham Parsons

S/S - Mr. Perkins

C O P Y

LIMITED DISTRIBUTION

OFFICE OF THE SECRETARY OF DEFENSE

12 Nov 60

MEMO FOR Col Black

1/11

Please pass to Secretary
Douglas.

Thought you would
like to add your own
comments.

Ed Kautzdale

Mr. Douglas -

Enclosed.

The names we get
Brown & Dinkins out
of S.E. Area the latter

Black 13 Nov
C11/3

1325

SECRET CONT NO. 52-524

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

NOV 11 1960

MEMORANDUM FOR SECRETARY GATES

From: Brig Gen Lansdale, OSO/OSD *Ed*

Subject: Vietnam

With the news that President Diem has put down the revolt in Saigon and is rapidly re-establishing his authority, it would be useful to give some thought to what comes next. Here are some initial personal thoughts which might be of help in considering the situation.

The revolt undoubtedly has taught a lesson to Diem. He might well read this lesson as teaching him to mistrust large segments of the armed forces and, possibly, the utility of the way MAAG advisors are placed with Vietnamese units. After all, officers and men in the revolt were quite close to the American military. Thus, it is possible that he will tend to take even closer personal command of the armed forces and do some shaking up by his own personal direction. If so, then this will make General McGarr's role with President Diem of vital importance to the United States. It would be useful to get State's agreement to free General McGarr to confer with President Diem as closely and as continuously as necessary, under only broad guidance to attain U.S. objectives, without the Ambassador insisting upon McGarr checking with him every five minutes.

Of course, the lesson we would like him to learn is that he should change some of his ways, since some of his people felt strongly enough about it to take up arms against him. This is normally a task for the Ambassador, when it comes to conveying U.S. views on such delicate internal matters to a Chief of State. However, it is most doubtful that Ambassador Durbrow has any personal stature remaining. Diem must feel that Durbrow sided with the revolvers emotionally. Perhaps he even feels that Durbrow's remarks over the months helped incite the revolt. Thus, it would be useful to get Durbrow out of Saigon. A graceful way would be to have him come home to report.

15 November 1960

MEMORANDUM FOR DEPUTY SECRETARY DOUGLAS

From: Brig Gen Lansdale, OSO/OSD

Subject: Vietnam

In determining U.S. policy towards Vietnam in the immediate future, you might find the following personal observations of help:

President Ngo Dinh Diem will have the 1954 coup attempt of General Minh in mind as he deals with the leaders of the 1960 coup attempt and receives U.S. advice about punishment. In 1954, Diem was persuaded to let Minh and his key officers leave the country unpunished. A few weeks later, they were instigating a revolt by the sect forces against Diem which led to considerable bloodshed in March and April 1955. President Diem always felt that a little more firmness with a few individuals would have cooled many of the hot-heads who later listed to Minh.

The 1954 and 1960 events have enough similarities to make the 1954 lesson fresh in his mind. Both coup attempts were in November. The military leader of each claimed inspiration from Nasser of Egypt and had rather close ties with former chief of state Bao Dai. Both had imprecise programs of political aims, stated as generalized ideals which sounded as phoney as a \$3-bill to the people they hoped would rally to their cause, but which coincided with a French analysis of the desires of the U.S. Ambassador and his political staff. Both were certain that Army units wouldn't act against them; both wooed the sect organizations and the same political parties; both seem to share the same friends and acquaintances in France and Cambodia.

The actions of the U.S. Ambassador undoubtedly have deepened President Diem's suspicions of his motivations. Diem cannot help but wonder at U.S. objectives as voiced by such a

spokesman. At the most critical moment of the coup attempt, the U.S. Ambassador urged Diem to give in to rebel demands to avoid bloodshed. Earlier, he had urged others to urge Diem to compromise with the rebels. The most charitable view that Diem could take would be that our Ambassador is a badly-informed man, but he would also then believe that the Ambassador has been far too prone to listen to the wrong people in Vietnam, people who are Diem's enemies.

Actually, Ambassador Durbrow is not entirely to blame for these blunders. The invitation to engage in this badly-timed and demoralizing meddling in Vietnam's affairs was given the Ambassador by the Southeast Asia desk staff in State message 775. This action, on top of many others which seem to have weakened both the U.S. position and the cause of freedom in Southeast Asia in the immediate past, should make us note that advice and actions of this staff carry definite hazards to the security of the U.S. Their advice and instructions on the next events in Vietnam deserve the most careful scrutiny and evaluation, particularly by Defense whose resources are called upon so heavily to carry out U.S. policy in this area. The long-known strategic value of Southeast Asia places a premium upon our military participation.

Finally, it appears that General McGarr, the MAAG Chief, came through this test of U.S. influence very well. Both the rebel forces and the loyal forces turned to him for counsel. He seems to have handled them with complete honesty and objectivity which will increase his potential for influencing the Vietnamese military in the future. This is a factor which should carry its proper weight in future considerations of our actions in Vietnam. Also, it should be borne in mind that this will subject General McGarr to considerable vindictive attack by the Vietminh and by those jealous of his increased prestige.

These observations are prompted by the fact that it is critical that U.S. policy makers have some deeper understanding of people and events in Vietnam, if we are to keep Southeast Asia free. It is our key piece in the area and must be handled correctly.

Although this memo deals with a most sensitive subject, you may wish to show it to General Lemnitzer and Assistant Secretary Irwin who also are concerned with this problem.



THE JOINT CHIEFS OF STAFF
WASHINGTON 25, D. C.

JCSM-544-60

1 DEC 1960

MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subject: Helicopters for Vietnam (U)

1. Reference is made to a memorandum, dated 9 November 1960 from the Director of Military Assistance, Office of the Assistant Secretary of Defense, International Security Affairs, to the Chairman, Joint Chiefs of Staff concerning a recommendation to provide H-34 helicopters to the Republic of Vietnam.

2. The Joint Chiefs of Staff consider that there is a valid requirement to increase the helicopter lift capability of the Vietnamese Armed Forces at this time, in view of the deteriorating internal security situation in Vietnam.

3. The Joint Chiefs of Staff concur with the recommendation of the Director of Military Assistance, OASD (ISA), to provide 11 H-34 helicopters from service inventories for delivery to the Republic of Vietnam, subject to immediate reimbursement to the providing department.

4. It is the understanding of the Joint Chiefs of Staff that emergency funding action will be required to provide the required increased helicopter lift capability to the Vietnamese Armed Forces, and that the Director of Military Assistance concurs in the Commander in Chief, Pacific request for such emergency funding action, rather than providing the increased capability by deviation from the FY 61 Military Assistance Program for Vietnam.

5. The provision of the requested number of H-34 aircraft from active service inventories, plus the provision of the necessary ground support equipment and follow on spares, will result in a reduction in the capabilities of the providing service until such time as the aircraft, equipment and spares can be replaced. In view of this, and since shortages of this model aircraft already exist in the service inventories, rapid

Vietnam 452

1/15/61

replacement will be required. In addition, the anticipated increase in the cost of providing the Vietnamese Armed Forces with an H-34 helicopter maintenance capability will require provision of additional funds to the FY 61 Military Assistance Program for Vietnam. The Joint Chiefs of Staff strongly recommend that the additional funds required to provide the required increased helicopter lift capability be provided from the President's Emergency Fund.

6. It is recommended that the Department of the Army be designated to provide the 11 H-34 aircraft, plus the ground support equipment and follow on spares, with the Department of the Air Force implementing delivery through normal Military Assistance Program procedures.

For the Joint Chiefs of Staff:

Curtis E. LeMay

CURTIS E. LEMAY
General, USAF

Vice Chief of Staff, U.S. Air Force

INCOMING TELEGRAM

DEPARTMENT OF STATE

Control: 1953
Rec'd: December 5, 1960
4:41 a.m.

FROM: Saigon

TO: Secretary of State

NO: 1151, December 4, 2 p.m. (SECTION ONE OF TWO)

SENT DEPARTMENT 1151; REPEATED INFORMATION LONDON, PARIS, BANGKOK, PHNOM PENH, VIENTENNE, SINGAPORE, KUALA LUMPUR, MANILA, CANBERRA UNNUMBERED, CINCPAC POLAD 221.

LIMIT DISTRIBUTION

Some three weeks after coup, following are my evaluation and recommendations:

On surface life has returned to normal, Viet Cong activities appear to have diminished somewhat, although this could be lull before storm; Diem has not adopted vengeful attitude against rebels, although certain others have sought take advantage of situation for "settlement of accounts" and some of "people's" actions against rebels' families, newspapers, et cetera, were unfortunate; Diem has taken some steps recommended by us in military field, i.e., partially placed Civil Guard under defense (this being clarified); is reportedly working on plan to set up what we hope will be effective operations commands, including reorganization and streamlining of field headquarters which we hope will be allowed to operate through firm chain-of-command, Diem, Nhu and Thuan have told us they working on other reforms, i.e. election youth representatives to village councils, eventual implementation elective representatives to National Economic Council, plan for periodic "fireside chats," promised reorganization of the cabinet structure, and other unspecified moves which Thuan promised would be worked out by Christmas. It is hoped that these reforms are not just reforms on surface with little or no substance. Despite these signs, there is basically quite serious under-current malaise and skepticism whether effective reforms will be taken soon enough. This uneasy feeling not confined to intellectuals or opposition groups; but to sizeable number of others, i.e.,

cabinet

-2- 1151, December 4, 2 p.m., (SECTION 1 OF 2), from Saigon

cabinet Ministers, other loyal officials, deputies and some military. Nhu and Thuan have indicated that Diem, who not particularly interested fundamental political matters, is resisting some suggested basic reforms.

Nhu and Diem still deeply rankled particularly by critical American press stories about autocratic regime and entourage, and Diem made the ridiculous statement to Ladejinsky November 30th that he believes some Americans may have backed coup because one of coup leaders, Colonel Dong, "told him so during negotiations." This may represent rationalization blame others not selves. Diem probably drawing on his "miracle theory" refuses admit rebels could have captured or killed him if they had believed through initial advantage (General Khanh told me 3rd after first rebel attack morning 115th there were only 30 defenders in Palace which could have been easily taken) and both Nhu and Diem now expressing deep displeasure because "Americans equated Diem regime with rebels because both anti-Communists and therefore we urged both sides negotiate. While under circumstances their attitude understandable, we have made point clear to them that we did all in our power to prevent bloodshed and urge rebels when they had power to oust Diem that he should be given active role in any government established. While hothead can Lao party members who organized committee against Communists colonialists have been calmed down somewhat, this element could regain momentum and cause further trouble if unleashed again by CVN.

Just below surface there is much talk about another coup unless Diem relaxes some controls, puts in effective reforms, takes more effective action to fight VC and give protection to population. There is still strong under-current of resentment against entourage but because any action he took this score would be under pressure and indicate weakness, and particularly his resentment of press stories about entourage, coupled with fact Diem feels he made Nhu as loyal adviser, prospects Diem will transfer Nhu to other work or abroad not in sight, at least for some time. Despite this malaise and feeling about entourage,

most

-3- 1151, December 4, 2.p.m. (SECTION 1 OF 2), from Saigon

most critics still respect Diem as only leader at moment but this feeling could easily change unless he takes fairly drastic action to meet criticism and basic desires most strata population.

We believe also that unless Diem takes early effective action on political front, coup has increased chances for development neutralism and for anti-Americanism among those critical of GVN. Despite our close identification with Diem and his regime critics have not to date bracketed us with government in expressing their dissatisfaction. Many have told us however that only we can induce Diem adopt changes which will save his regime, thus indicating they look to us to help them. If, after failure of clearly anti-Communist coup attempt to bring about changes we are not successful in inducing Diem to make peaceful changes, critics may well become frustrated, turn against U.S., seek other means bring about change and might even move toward neutralist position in middle. If Viet Cong guerrilla successes in countryside continue at rate registered during past year, this will also increase frustration of armed forces and population and could provide soil in which neutralism may grow.

DURBROW

HMR/3

Note: Read by Mr. Clark (FE) 11:30 a.m. 12/4/60, (CWO-M)

SECRET DEPARTMENT OF DEFENSE

34
A1247
1E
Classification: CONFIDENTIAL
Date: DECEMBER 4, 1963
9:53 AM

TO: SECRETARY OF STATE
FROM: 1151, DECEMBER 4, 2 PM, (SECTION TWO OF TWO)

SENT DEPARTMENT 1151, REPEATED INFORMATION LONDON, PARIS, BANGKOK, PHNOM PENH, VIENTIANE, SINGAPORE, KUALA LUMPUR, MANILA, CANBERRA UNNUMBERED, CINCPAC POLAD 221.

LIMIT DISTRIBUTION

RECOMMENDATIONS:

1. WE MUST CONTINUE URGE EFFECTIVE INTEGRATED PROGRAMS SOONEST IN POLITICAL, SOCIAL, ECONOMIC INCLUDING NEEDED FISCAL REFORMS, AND MILITARY FIELDS. SINCE DIEM AND OTHERS ASSURE US THEY WORKING ON REFORMS WE SHOULD NOT AT MOMENT PRESS TOO HARD.
2. WE SHOULD CONTINUE URGE OTHER FOREIGNERS, PARTICULARLY ASIANS, TO URGE DIEM TAKE ABOVE STEPS.
3. WE SHOULD CONTINUE URGE DIEM, NGU AND OTHERS TO CHANGE THEIR ATTITUDE REGARDING FOREIGN AS WELL AS LOCAL PRESS AND TAKE EFFECTIVE STEPS TO HAVE BETTER PUBLIC RELATIONS INTERNALLY AS WELL AS ABROAD AND IMPLEMENT AN EFFECTIVE COUNTRY-WIDE PSYWAR PROGRAM.
4. IF NECESSARY, DO ALL WE POSSIBLE CAN TO PREVENT HOTHEADS FROM TRYING TO TAKE UPPER HAND AND GOING IN FOR VENGEANCE AGAINST REBELS AND ADOPTING ULTRA-NATIONALISTIC ATTITUDE.
5. TAKE APPROPRIATE OPPORTUNITIES URGE DIEM AND OTHERS ADOPT AT LEAST MOST IMPORTANT SUGGESTIONS CONTAINED IN MY DEMARCHE TO HIM OCT. 14TH.

SECRET

Classification

CONFIDENTIAL
EXCLUDED FROM THE
CONFIDENTIALITY
CLASSIFICATION

-2- 1151, December 4, 2PM, (SECTION TWO OF TWO) FROM SAIGON

6. DO ALL WE CAN GET DIEM TO ACCEPT BASIC PRINCIPLES SUGGESTED IN MAAG COUNTER-INSURGENCY PLAN, WHICH WILL BE FORWARDED SOONEST (SOME PARTS OF PLAN WHICH WITHIN U.S. AGREED POLICY DIRECTIVES HAVE BEEN URGED ON GVN WITH SOME SUCCESS).

7. CLARIFY INCONSISTENCIES IN TRANSFER CIVIL GUARD TO DOD IN ORDER THAT MAAG MAY START TRAINING ON LARGE SCALE SOONEST AND MAKE MAP EQUIPMENT AVAILABLE.

8. SINCE DIEM BELIEVES WE DO NOT UNDERSTAND SERIOUSNESS OF VC, THREAT AND HE SUSPECTS WE MAY HAVE ENCOURAGED REBELS, WE SHOULD MAKE ARRANGEMENTS IMMEDIATELY TO SHIP SIX H-34 HELICOPTERS WHICH ARE NOT ONLY MOST URGENTLY NEEDED FIGHT VC EFFECTIVELY BUT WOULD REASSURE DIEM WE TRYING GIVE EFFECTIVE HELP.

9. SINCE IT FAR FROM CERTAIN DIEM WILL INTRODUCE SUFFICIENTLY APPEALING AND EFFECTIVE NEW PROGRAMS AND USE HIS PRESENT SECURITY FORCES IN MOST EFFICACIOUS MANNER, WE MUST FIND SUITABLE MEANS TO BRING PRESSURE ON HIM. AS I OUTLINED IN EMBTEL 1105 AS WELL AS IN MEMORANDUM THIS SUBJECT (LETTER TO PARSONS NOV 8) I AM CONVINCED, EVEN IF WE EVENTUALLY SHOULD AGREE, THAT WE SHOULD NOT NOW ACCORD HIS REQUEST FOR 20,000 ADDITIONAL FORCE OR CONCUR IN HIS UNILATERAL ACTION TO RAISE FORCE LEVEL (CHIEF MAAG 1537 DEC 1 - COPY JCS). TO DO SO WITHOUT HIS HAVING RELAXED CONTROLS, INSTITUTED EFFECTIVE REFORMS AND HAVING PERMITTED EFFICIENT USE PRESENT FORCES, WOULD NOT SAVE THE DAY FOR DIEM BUT MIGHT EVEN INDUCE HIM FOLLOW HIS INSTINCT TO RELY PRIMARILY ON USE OF FORCE BOTH TO CONTROL POPULATION AND FIGHT VC. WHILE I AM NOT FULLY CONVINCED NEED FOR EXTRA 20,000 MEN, I WOULD BE WILLING TO CONCUR IN SUCH ADDITION IF CAREFUL STUDY BY ALL CONCERNED CONCURRED IN THIS RECOMMENDATION. (MAAG VIEWS ON URGENT NEED FOR 20,000 INCREASE FORWARDED PARSONS MY LETTER NOV 30TH) THEREFORE, SUGGESTED THIS MATTER BE CAREFULLY STUDIED WASHINGTON AND IF FINAL RECOMMENDATION IS FAVORABLE IT BE KEPT SECRET AS ACE IN THE HOLE TO GRANT DIEM PROVIDED HE HAS TAKEN OTHER NECESSARY STEPS WHICH ARE TO ME MUCH MORE FUNDAMENTAL, AND PROVIDED HE NEEDS EXTRA FORCE AFTER TAKING MORE ESSENTIAL STEPS. IF, FOR INSTANCE, AT THE BEGINNING NEXT YEAR HE HAS TAKEN EFFECTIVE STEPS ALONG LINES SUGGESTED ABOVE AND IT IS STILL CONSIDERED HE NEEDS INCREASED

INCOMING
TELEGRAM

CONTROL: 1951
CORRECTION ISSUED: 12/8/60,

9:45 AM, 61

43- 1151, DECEMBER 4, 2 PM, (SECTION TWO OF TWO) FROM SAIGON -
CORRECTED PAGE 3

010

FORCE LEVEL WE COULD SO INFORM HIM THEN. BUT IN MEANTIME,
IN VIEW HIS THREAT TO RAISE FORCE LEVEL UNILATERALLY, I
SHOULD BE INSTRUCTED SOONEST TO TAUT SUITABLE OPPORTUNITY
TO STATE WHILE FORCE LEVEL INCREASE IS UNDER CONSIDERATION
WASHINGTON CANNOT NOW SEE ITS WAY CLEAR TO GRANT SUCH INCREASE
WHEN OTHER MORE IMPORTANT STEPS ARE ESSENTIAL AT PRESENT IN
FIGHT AGAINST VC AND TO MAKE FURTHER PROGRESS VIET-NAM.

10. IN SUMMARY, SITUATION IN VIET-NAM IS HIGHLY DANGEROUS
TO US INTERESTS. COMMUNISTS ARE ENGAGED IN LARGE-SCALE
GUERRILLA EFFORT TO TAKE OVER COUNTRYSIDE AND OUST DIEM'S
GOVERNMENT. THEIR ACTIVITIES HAVE STEADILY INCREASED IN
INTENSITY THROUGHOUT THIS YEAR. IN ADDITION DIEM IS FACED
WITH WIDESPREAD POPULAR DISSATISFACTION WITH HIS GOVERNMENT'S
INABILITY TO STEM THE COMMUNIST TIDE AND ITS COARSE AND BRUTAL
METHODS OF OPERATION. IT SEEMS CLEAR THAT IF HE IS TO REMAIN
IN POWER HE MUST MEET THESE TWO CHALLENGES BY IMPROVEMENTS IN
HIS METHODS OF CONDUCTING WAR AGAINST COMMUNISTS AND IN
VIGOROUS ACTION TO BUILD GREATER POPULAR SUPPORT. WE SHOULD
HELP AND ENCOURAGE HIM TO TAKE EFFECTIVE ACTION. SHOULD HE
NOT DO SO, WE MAY WELL BE FORCED, IN NOT TOO DISTANT FUTURE,
TO UNDERTAKE DIFFICULT TASK OF IDENTIFYING AND SUPPORTING
ALTERNATE LEADERSHIP.

THIS IS NOT REPEAT NOT FOR DISCUSSION WITH FOREIGN GOVERNMENTS.

DURBROW

MB

NOTE: READ BY MR. CLARK (FE), 11:30 AM, 12/4/60, CMO-M.

LIMITED DISTRIBUTION

1339

470th NSC Meeting
20 December 1960

ITEM 3 (For Discussion)

THE SITUATION IN LAOS

1. This item will involve a discussion of the latest developments in Laos based on a presentation by Allen Dulles.
2. For your convenience we have placed at Tab Laos a summary of the most significant developments in Laos during the past week. We shall be prepared to give you orally any significant later developments.

LAOS SITUATION

1. The Bon Oum Government is in control in Vientiane but faces critical problems:

- a. Militarily its forces are subject to Communist-supported guerrilla warfare throughout the Kingdom and to the threat of overt intervention by the DRVN (North Viet Nam).
- b. Politically the government does not control the entire country and is considered by the Department of State to be too narrowly based to be popular.
- c. Economically the government faces the necessity for (1) emergency relief for civilians, (2) payment of military forces and civilian officials throughout the Kingdom for a three-months period (less the amounts paid Phoumi forces by CAS), and (3) reconstruction in Vientiane.
- d. Internationally only the U.S. and the Thais are fully supporting the government although there are indications that the British, Philippines and others will give de facto recognition. Souvanna Phouma claims to be the legal Prime Minister and is supported by Communist Bloc countries.

2. The United States is faced with the problem of giving the new government immediate and substantial aid in each of the above-listed problem areas. Action is being taken in each field.

3. Immediate matters of concern to the U.S. include:

- a. The necessity to bolster Phoumi forces against Communist-supplied Pathet Lao attacks, and to be ready for military and political action in the event of overt intervention by DRVN forces. (CINCPAC has cautioned Chief, PEO, to assure that Phoumi does not become over-optimistic - a major effort lies ahead).
- b. The desirability of forestalling efforts by Nohru and others to reconstitute the ICC.
- c. The desirability of gaining wider acceptance for the Bon Oum government in the Free World.
- d. Funding of U.S. support activities.
- e. Assumption by the U.S. of primary adviser status with relation to the provision of training and operational advice to Lao forces.

INCOMING TELEGRAM

DEPARTMENT OF STATE

Control: 13650
Rec'd: DECEMBER 24, 1960
12:26 PM

FROM: SAIGON

TO: Secretary of State

NO: 1216, DECEMBER 24, 6 PM

SENT DEPARTMENT 1216, REPEATED INFORMATION CINCPAC
POLAD 252.

LIMIT DISTRIBUTION

RE DEPTTEL 898

DIEM DIDN'T RECEIVE ME UNTIL 23RD.

I WROTE OUT INSTRUCTIONS AND TRANSLATED THEM IN FRENCH AND LEFT ENGLISH AND FRENCH COPIES (TEXTS BY POUCH). MY REMARKS COVERED MOST POINTS DEPT'S SUGGESTIONS ALTHOUGH IN VIEW CURRENT INDICATIONS LIBERALIZATION PROGRAMS MAY NOT BE TOO PROFOUND, ONLY HINTED DEPT WOULD BE PREPARED PUBLICIZE ANNOUNCEMENT SUCH PROGRAMS. SINCE MY OCTOBER 14TH REMARKS INCLUDED SUGGESTION TRANSFER NHU, I DID NOT SPECIFICALLY REFER TO THAT DATE ALTHOUGH REFERRED TO PREVIOUS SUGGESTIONS WE HAD MADE. SINCE GVN HAS ALREADY INSTITUTED PLAN TO INCREASE AND STABILIZE PADDY PRICES, I MERELY STATED WE PLEASED LEARN THIS AND THEN URGED GRANTING BROADER CREDIT FACILITIES PEASANTS. BEFORE GOING INTO DETAILS, I REMINDED DIEM OF STEPS WE HAVE TAKEN TO STRENGTHEN GVN AGAINST VIET CONG SUCH AS DELIVERY OF AD-6 PLANES, STEPPED-UP DELIVERIES OF ELECTRONIC EQUIPMENT, AND TOLD HIM I INSTRUCTED GARDINER TO RE-EXAMINE WITH VICE PRESIDENT AND THUAN WAYS AND MEANS TO OVERCOME PLASTER SHORTAGE. SINCE I DID NOT RECEIVE DEPTTEL 917 UNTIL AFTER TRANSLATION TYPED, I TOLD HIM ORALLY OF APPROVAL TO GIVE HIM ELEVEN H-34'S SOONEST. (HE MADE NO COMMENT.)

WHILE DIEM WAS PLEASANT DURING HOUR AND THREE QUARTERS OF

1348

-2- 1216, DECEMBER 24, 6 PM FROM SAIGON

DISCUSSION, HE WAS BASICALLY NEGATIVE. DIEM DID NOT REPLY TO MY REMARKS IMMEDIATELY BUT INSISTED ESSENTIAL HAVE ADDITIONAL 20,000 TROOPS SINCE WOULD DO NO GOOD TO TRY TO PUT IN REFORMS, BUILD FACTORIES, ROADS AND BRIDGES, ETC., UNLESS THESE THINGS AND PEOPLE COULD BE PROTECTED. HE REFERRED SEVERAL TIMES TO THE NEED FOR 20,000 MEN STRESSING NEED BECAUSE OF DETERIORATING LAO SITUATION. I THEN REMARKED WE HAD JUST LEARNED THAT HE HAD INCREASED FORCE LEVEL OF CIVIL GUARD TO 64,000 AND ASKED IF THIS INCREASE WOULD NOT FILL SECURITY FORCE NEEDS. DIEM REPLIED CIVIL GUARD NOT TRAINED SO NEEDS BRING BACK 20,000 RESERVISTS. HE ASKED THAT I URGE DEPT TO GIVE FAVORABLE CONSIDERATION FORCE LEVEL REQUEST AND I REITERATED MATTER UNDER CAREFUL STUDY IN WASHINGTON.

REFERRING TO MY REMARKS HE AGAIN ATTACKED THE VICIOUSNESS OF FOREIGN CORRESPONDENTS, PARTICULARLY THE FRENCH, WHO ONLY SEEK SENSATIONAL NEWS. HE THEN REVIEWED IN SOME DETAIL ECONOMIC AND SOCIAL PROGRESS MADE IN VIET-NAM IN THE PAST SIX YEARS WHICH HAVE RAISED STANDARD OF LIVING HERE ABOVE MOST SEA COUNTRIES AND ASKED WHY CORRESPONDENTS DIDN'T REPORT THIS INSTEAD OF PICKING UP RADIO HANOI REPORTS SPREAD BY DISGRUNTLED VIETNAMESE INTELLECTUALS. AS I HAD DONE IN MY REMARKS, I REITERATED IF HE AND OTHER MINISTERS HAD PERIODIC PRESS CONFERENCES AND IF MINISTERS WOULD HAVE FRANK TALKS WITH CORRESPONDENTS THEY WOULD WRITE MORE OBJECTIVE STORIES.

REFERRING OUR SUGGESTION ALLOW ASSEMBLY TO CARRY ON INVESTIGATIONS, DIEM POINTEDLY STATED THAT SINCE UNDER THE CONSTITUTION THE EXECUTIVE AND LEGISLATURE ARE COMPLETELY SEPARATE, AND IT WOULD NOT BE RIGHT FOR THE ASSEMBLY TO INVESTIGATE EXECUTIVE DEPARTMENTS. I REPLIED WE HAD THE SAME SYSTEM AND, AS HE KNEW, CONGRESS DOES INVESTIGATE EXECUTIVE DEPARTMENTS AND MAKES FINDINGS PUBLIC AND POINTED OUT THIS WOULD BE VERY HEALTHY DEVELOPMENT HERE IN ORDER TO QUELL UNFOUNDED RUMORS. DIEM OBVIOUSLY DIDN'T AGREE. DIEM SPENT SOME TIME DENOUNCING RICH INTELLECTUALS AND BUSINESSMEN WHO DO NOT PAY THEIR TAXES AND THEN BLAME THE GOVERNMENT FOR NOT DOING ENOUGH FOR THE

PEOPLE. ALTHOUGH I HAD NOT MENTIONED CORVEE LABOR THIS TIME, DIEM STATED THIS ONLY WAY COLLECT EQUIVALENT OF TAXES FROM PEASANTS AND THAT THIS SYSTEM IS IN VIETNAMESE TRADITION, BUT PEASANTS IN COCHIN-CHINA UNDER FRENCH HAD NOT BEEN ASKED TO CONTRIBUTE LABOR. THEREFORE THEY NOW RESENT CORVEE LABOR AND OF COURSE WOULD NOT THINK OF PAYING ANY MONETARY TAXES. HE POINTED OUT PEASANTS IN CENTRAL VIET-NAM WILLINGLY CONTRIBUTE FREE LABOR INSTEAD OF TAXES. I REMARKED ONE REASON FOR DISCONTENT IN SOUTH IS ARBITRARY ACTION OF OFFICIALS AND THE FAILURE TO EXPLAIN NEEDS TO PEASANTS BEFORE FORCING THEM TO WORK. DIEM INSISTED PEASANTS HAD BEEN TOLD OF NEEDS BUT THEY JUST LAZY.

DIEM THEN STATED WHILE IT MIGHT BE NECESSARY TO FIND WAYS AND MEANS TO RAISE TAXES IN GENERAL, THIS HAD TO BE DONE VERY CAREFULLY IN ORDER TO AVOID A TOO-HIGH RISE IN PRICES WHICH WOULD CAUSE FURTHER DISGRUNTLEMENT. HE ADDED DEVALUATION WOULD HAVE SAME EFFECT AND THEREFORE THIS COULD NOT BE DONE IN HURRY. IN THIS CONNECTION HE AGAIN STATED THAT LAO DEVALUATION BEEN A FAILURE AND WAS ONE OF THE CAUSES FOR THE CURRENT TROUBLES THERE. I REPEATED, AS I HAD SEVERAL TIMES, THAT WE CONSIDERED LAO DEVALUATION AS BENEFICIAL AND SUCCESSFUL.

TOWARD END OF CONVERSATION DIEM REVERTED AGAIN TO USELESS INTELLECTUALS WHO NOW SPREADING REPORTS OF ANOTHER COUP ON CHRISTMAS OR ON JANUARY 20th.

ON FEW OCCASIONS HE LET ME TALK, I URGED HE ADOPT REFORMS SOONEST SINCE IT ESSENTIAL TO WIN FURTHER SUPPORT OF THE PEOPLE IF VIET CONG MENACE IS TO BE OVERCOME, BUT HE GAVE ME NO INDICATION OF REFORMS HE MAY ADOPT. BEFORE LEAVING I AGAIN EXPRESSED HOPE THAT HE WOULD ACCEPT OUR SUGGESTION THAT HE ANNOUNCE ALL LIBERALIZING PROGRAMS AT ONE TIME IN ORDER TO MAKE BEST IMPACT. DIEM REPLIED HE WOULD THINK ABOUT THIS BUT MADE NO COMMITMENT.

COMMENTS. WE HAVE HEARD THAT NHU, THUAN AND OTHERS HAVE BEEN RUNNING INTO RESISTANCE WHEN URGING DIEM TO ADOPT WORTHWHILE

-4- 1216, DECEMBER 24, 6 PM FROM SAIGON

REFORMS. I ALSO RECEIVED IMPRESSION HE VERY RELUCTANT TO ADOPT REFORMS AND IS STILL BASICALLY THINKING IN TERMS OF FORCE TO SAVE THE DAY, HENCE HIS INSISTENCE SEVERAL TIMES THAT WE APPROVE FORCE LEVEL INCREASE AND HIS ACTION RAISING CIVIL GUARD CEILING BY 10,000. WHILE I STILL BELIEVE IT ABSOLUTELY ESSENTIAL HE ADOPT MORE LIBERAL PROGRAMS, IT IS NOT CERTAIN FROM HIS ATTITUDE AND REMARKS THAT HE WILL TAKE EFFECTIVE ACTION IN THESE MATTERS, ALTHOUGH I LEARNED LATER HE HAS AGREED TO ENGAGE THE SERVICES OF A PUBLIC RELATIONS EXPERT SUGGESTED BY CAS TO MAKE A SURVEY OF GVN FOREIGN PUBLIC RELATIONS NEEDS.

DURBROW

SGC

FOREIGN SERVICE DISPATCH

FROM: Anembassy SAIGON

TO: THE DEPARTMENT OF STATE, WASHINGTON

REF: Saigon's Telegram 1216, Dec. 24, 1960

SUBJECT: Memorandum Handed to President Diem on Liberalization

Enclosed is the English text of the memorandum on liberalization which Ambassador Durbrow handed to President Diem on December 23, 1960, as indicated in Saigon's Telegram 1216. The French text of the memorandum is being forwarded under transmittal slip to Mr. Wood in SEA.

As indicated in Telegram 1216, the Ambassador supplemented the memorandum with the following oral remarks about the supplying of the H-34 helicopter to Viet-Nam: "I have just learned today that my Government has approved the request to give H-34 helicopters to Viet-Nam. The total will be 11 units. I have been told that the first ones will be delivered shortly and that we shall be furnished soon with the delivery dates for all of them."

President Diem's reaction to this approach on liberalization was described in Telegram 1216.

For the Ambassador

Page 1
Enclosure 1
Despatch 264
From Saigon

Memorandum Handed to President Diem by Ambassador Durbrow on December 23, 1960

I have reported to the Department of State your serious concern and that of other high-ranking Vietnamese officials about the critical articles about Viet-Nam which have appeared in American as well as other foreign papers. I have also reported on the progress being made in working out new policies, and organizational and liberalization changes in the governmental and military structure which you and other officials have informed us you are planning to implement in the near future.

As you know, my Government has taken certain steps to assist you in strengthening the GVN against the Communist attacks being made against it. The new AD-6 planes whose delivery was speeded up I understand are proving effective and helpful, and you are aware of the large quantity of electronic communications equipment MAAG and USOM secured on an expedited basis. Lastly, I have instructed Mr. Gardiner to seek an appointment with the Vice President and Secretary of State Thuan to re-examine carefully the entire problem of your piastre shortage to see whether there may be some new technique or action to meet your critical need in this area. Your comparatively satisfactory foreign exchange and balance of payments position has of course created special problems which we hope we can jointly solve.

On the basis of these reports I have received instructions to discuss these matters with you, particularly certain liberalizing projects which would have a favorable effect on world public opinion. As you no doubt know, Mr. President, since the press conference held by Mr. Thuan on November 17 at which he stated that the Government had for some time been working out details for new organizational and liberalization schemes, many elements here in Viet-Nam and in the world press have questioned whether these projected schemes would be adequate and sufficiently profound to increase the public support for your Government and make it clear to world opinion that the criticisms of your Government in the world press were unfounded.

In an effort to be as helpful as we can to assist you in your efforts to broaden the base of your Government, the Department of State has instructed me to discuss with you some of the suggestions which we have already made and

which the Department of State believes would have beneficial affects if adopted now in connection with the other measures you are planning. Apart from the organizational changes proposed in the governmental and military structure and those liberalizing schemes you have told me about -- such as elections of youths to village councils and other progressive matters of this nature -- we believe it would be helpful if you could also adopt the measures outlined below. We, of course, recognize that security considerations impose certain limitations on liberalization, but we believe that the political situation requires certain calculated risks in order that the public and world opinion will become convinced of the sincerity of the steps you are taking to evoke broad participation in your efforts to improve security and develop the economy and institutions of Viet-Nam. It is our belief that the liberalization schemes should be clear-out, effective, and of a broad nature so that the impact of their announcement will have the desired beneficial effect on the public here and abroad and will enhance the public support for your regime. With this thought in mind, it is suggested that:

1. In connection with the excellent new method of having Ministers defend their budgets before Assembly Committees, it would be advantageous from a political and press point of view either to publicize these hearings in full or at least to give fairly full minutes of these meetings to the press.

2. As has already been suggested, it would be politically worthwhile to authorize the Assembly to conduct investigations of any Department or Agency, of the Government. While public hearings would be politically more useful, closed hearings could be held providing the results of the investigations are made public in considerable detail.

3. While it is realized that it is not a simple matter to work out an effective domestic press code, we believe it would be most beneficial to a better understanding of the fruitful efforts being made by your Government on behalf of the people and a better appreciation of the many problems you and your colleagues have to face, if the Assembly could adopt in the near future a fairly liberal press code. If this cannot be accomplished shortly, the press should be encouraged to set up machinery to police itself. Under such a system the Government should only intervene if articles are flagrantly dishonest, inaccurate, or favorable to the Communists. In case of a breach of the press code it might be better to require the paper to publish a full retraction rather than confiscate the particular edition or suspend the newspaper.

4. I have already discussed with you our suggestions on ways and means to have more favorable foreign press coverage. In this connection, the Department of State believes that it is almost as important for your Government to have favorable foreign press relations as it is to have diplomatic recognition from friendly countries. The Department suggests that you continue to have periodic press conferences such as those recently conducted by Mr. Thuan, that

Enclosure 1
Dispatch
From Saigon

effective use be made of the weekly press conferences of the Directorate General of Information by channelling items of substantive information through that agency for release, that foreign correspondents be permitted to make trips in the country to learn for themselves the nature of the Viet Cong threat, and that Ministers of the Government be available to have open and frank talks with correspondents about the accomplishments and problems of the various Ministries. It is believed that this might be helpful in improving the tone of foreign press articles.

5. We are pleased to learn that steps are being taken to increase and stabilize the price of paddy to the peasants. We also suggest that further efforts be made to grant broader credit facilities to the peasants.

It is the belief of the Department of State that if measures such as those suggested above, in addition to the other liberalizing steps regarding elections of youth representatives to village councils, sending better administrators into the countryside, periodic "fireside chats", etc., are adopted in the near future, it would be worthwhile to withhold the announcement of individual measures, so that a meaningful official announcement could be made, preferably by you, of all of the liberalizing measures you are putting into immediate effect. If the individual measures were not disclosed in advance, such an across-the-board announcement of genuine liberalizing measures would, we believe, have a most beneficial effect on the people of Viet-Nam and on world opinion. It is certain that such an announcement would do a great deal to correct any erroneous impressions that have been given to world opinion in recent months and encourage the world press and government spokesmen to support you in your tireless efforts to eliminate the Viet Cong threat and continue the fine progress attained in Viet-Nam in such a short period of time.



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

I-12,025/61

INTERNATIONAL SECURITY AFFAIRS

4 January 1961

MEMORANDUM FOR THE DIRECTOR, NSC AFFAIRS

SUBJECT: Defense Requirements in Vietnam, Laos and Thailand

A review of our files concerning what action, if any, has been taken with the Department of State concerning defense requirements for facilities in Vietnam, Laos and Thailand revealed the following -

1. No request for any facilities in Laos have been made to the Department of State.

2. No request has been made to the Department of State for obtaining an agreement to use facilities in Vietnam. However, there has been an exchange of correspondence (which has been handled by the Far East Region) in which Defense Department tried to utilize ICA funds to develop two airfields in Vietnam with a capability of handling jet aircraft.

3. In January of 1956, the Defense Department wrote to State asking for the negotiation of an agreement which would give general overflight rights to U.S. forces and would permit the utilization by the Air Force of Don Muang airfield at Bangkok. Army communications and Air Force intelligence requirements were also included. No formal reply was received from the State Department, although we were advised informally that the political situation in Thailand precluded our obtaining the necessary rights.

WILLIAM E. LANG
Director, Office of
Foreign Military Rights Affairs

FOREIGN SERVICE DESPATCH

American Embassy Saigon

276
Desp No.

The Department of State, Washington

January 4, 1961

Department Telegram 658, October 20, 1960

Subject: Counter Insurgency Plan for South Viet-Nam.

Reference is made to joint State DOD message, Department's 658 of October 20, 1960, and Defense message DEF 982994 of September 16, 1960, both of which set forth the requirements for the development of an over-all United States plan for encouraging and supporting the Government of Viet-Nam in the present National emergency. Such a plan has been developed by the Country Team and is attached as an enclosure to this despatch for review by interested Washington agencies.

The plan was drafted by a Country Team staff committee composed of the following members: MAAG - Col. F. W. Boye, Jr., Major Kurtz J. Miller, Jr., and Captain Boyd Bashore; Embassy - Joseph A. Mendenhall (Chairman) and Andrew J. Fink; USOM - James W. Howe and William R. Trigg; USIS - John M. Anspacher; and DSA - William E. Colby and Clarence E. Barbier. Because of the importance of military factors in the development of the plan, MAAG assumed the major burden in its preparation, and is to be congratulated on the excellent job it has done.

The plan, based on tasks and concepts outlined in the CINCPAC and OASD/ISA plan for counter-insurgency operations, not only sets forth recommended action in the military field, but also establishes requirements for coordinated and supporting action in the political, economic and psychological fields. In developing the tasks to be undertaken the plan also presents recommendations and justification concerning requirements for United States personnel, materiel, funds and organizational and operational concepts. The Country Team Plan consists of a summary and three Annexes, which discuss Task Organization, Concept of Operations and Logistics. Each Annex also has appropriate appendices which spell out in detail the tasks, the present situation with regard thereto and recommended action. The plan is complete except for appendices relating to a study of the non-military communications system and to economics and finance. These will be forwarded upon completion as supplements to the plan enclosed herewith.

Certain recommendations have already been discussed with the Government of Viet-Nam (GVN). Some of these actions have already been agreed to by the GVN (e.g., transfer of the Civil Guard to the GVN Department of Defense and creation of a national Internal Security Council), and others are under study by the GVN (e.g., establishment of a military operational command for counter-insurgency operations, reorganization of military regions, and implementation of a firm military chain of command). In addition there are other actions which will shortly be taken up with the GVN such as establishment of internal security councils at every governmental level, implementation of proposals for the establishment of the National Intelligence Coordinating Agency (previously discussed several times with the GVN, but to be pushed again) and creation of a village level communications system.

There are, however, certain actions which involve major expenditures and will not be discussed with the GVN prior to Washington approval. The most important of these latter actions is the proposed 20,000 man increase in the size of the RVNAF which was presented for Washington consideration in Embassy telegram 1151, December 4. I maintain reservations concerning the proposal to increase the force level up to 20,000 additional RVNAF troops, purely to meet the threat in Viet-Nam and still believe more calculated risks should be taken by using more of the forces in being to meet the immediate and serious guerrilla terrorist threat. I recognize, however, that additional well-trained forces in being in this area are probably now justified from purely US interest point of view in order to meet growing bloc threat SEA represented by the Soviet airlift in Laos. (See Embassy Telegram 1231, December 29.)*

*MAAG Comments:

The MAAG position on the need for a 20,000 force increase continues as reported in MAAG telegrams to CINCPAC (CHMAAG 1579, 27 Dec 60 and CHMAAG 1620, 29 Dec 60) which were also forwarded to Washington.

a. The military requirement for this force increase to accomplish the current mission had been demonstrated in MAAG considered opinion as early as August 1960. This force increase was badly needed before the beginning of the Soviet airlift in Laos. The recent Viet Minh overt aggression against Laos merely reinforces this requirement.

b. The four divisions in the North in I and II Corps areas are committed in anti-guerrilla and static guard duty to an extent which not only cuts down their capability to resist overt attack and thus magnifies the risk to a militarily unacceptable degree, but also prohibits required training to adequately

counter either external or internal aggression.

c. Additionally, the force increase will provide the long needed balance between combat and logistic support.

A number of recommendations in the plan, considered by the Country Team to be indispensable and in the GVN's own best interests, will probably not be particularly palatable to the GVN. This situation pertains particularly to certain political actions and concepts of the military-civilian relationship. However, these questions are an integral part of the overall plan and are essential to its successful accomplishment. Consideration should, therefore, be given to what actions we are prepared to take to encourage, or if necessary to force, acceptance of all essential elements of the plan. (See Embassy messages cited on page 14 of Enclosure.)

Elbridge Durbrow

1 ENCLOSURE: Counterinsurgency Plan for South Viet-Nam

COPIES POUCHED TO: CINCPAC POLAD (2 copies).

DEPARTMENT please pouch 8 additional copies to CINCPAC POLAD.

TO: THE PRESIDENT
FROM: CLARK CLIFFORD

September 29, 1967

Memorandum of Conference on January 19, 1961
between President Eisenhower and President-elect Kennedy
on the Subject of Laos

The meeting was held in the Cabinet Room with the following men present: President Eisenhower, Secretary of State Christian Herter, Secretary of Defense Thomas Gates, Secretary of Treasury Robert Anderson, and General Wilton B. Persons.

With President-elect Kennedy were the new Secretary of State Dean Rusk, the new Secretary of Defense Robert McNamara, the new Secretary of Treasury Douglas Dillon, and Clark M. Clifford.

An agenda for the meeting had been prepared by Persons and Clifford. The subjects on the agenda had been recommended by the parties present at the conference and were arranged under the headings of "State", "Defense", and "Treasury." The first subject under the heading of "State" was Laos.

President Eisenhower opened the discussion on Laos by stating that the United States was determined to preserve the independence of Laos. It was his opinion that if Laos should fall to the Communists, then it would be just a question of time until South Vietnam, Cambodia, Thailand and Burma would collapse. He felt that the Communists had

designs on all of Southeast Asia, and that it would be a tragedy to permit Laos to fall.

President Eisenhower gave a brief review of the various moves and coups that had taken place in Laos involving the Pathet Lao, Souvanna Phouma, Boun Oum, and Kong Le. He said that the evidence was clear that Communist China and North Vietnam were determined to destroy the independence of Laos. He also added that the Russians were sending in substantial supplies in support of the Pathet Lao in an effort to overturn the government.

President Eisenhower said it would be fatal for us to permit Communists to insert themselves in the Laotian government. He recalled that our experience had clearly demonstrated that under such circumstances the Communists always ended up in control. He cited China as an illustration.

At this point, Secretary of State Herter intervened to state that if the present government of Laos were to apply to SEATO for aid under the Pact, Herter was of the positive opinion that the signatories to the SEATO Pact were bound. President Eisenhower agreed with this and in his statement gave the impression that the request for aid had already come from the government of Laos. He corroborated the binding nature of the obligation of the United States under the SEATO Pact.

President Eisenhower stated that the British and the French did

not want SEATO to intervene in Laos, and he indicated that they would probably continue to maintain that attitude. President Eisenhower said that if it were not appropriate for SEATO to intervene in Laos, that his next preference would be the International Control Commission. He was sure, however, that the Soviet Union did not want the ICC to go into Laos. President Eisenhower stated that if this country had a choice as to whether the task should be assumed by SEATO or the ICC, that he personally would prefer SEATO.

Secretary Herter stated that we possibly could work out some agreement with the British, if they could be persuaded to recognize the present government in Laos. The chances of accomplishing this, however, appeared to be remote.

Secretary Herter stated, with President Eisenhower's approval, that we should continue every effort to make a political settlement in Laos. He added, however, that if such efforts were fruitless, then the United States must intervene in concert with our allies. If we were unable to persuade our allies, then we must go it alone.

At this point, President Eisenhower said with considerable emotion that Laos was the key to the entire area of Southeast Asia. He said that if we permitted Laos to fall, then we would have to write off all the area. He stated that we must not permit a Communist take-over. He reiterated that we should make every effort to persuade member nations of SEATO or the ICC to accept the burden with us to defend the

freedom of Laos.

As he concluded these remarks, President Eisenhower stated it was imperative that Laos be defended. He said that the United States should accept this task with our allies, if we could persuade them, and alone if we could not. He added that "our unilateral intervention would be our last desperate hope" in the event we were unable to prevail upon the other signatories to join us.

At one time it was hoped that perhaps some type of arrangement could be made with Kong Le. This had proved fruitless, however, and President Eisenhower said "he was a lost soul and wholly irretrievable."

Commenting upon President Eisenhower's statement that we would have to go to the support of Laos alone if we could not persuade others to proceed with us, President-elect Kennedy asked the question as to how long it would take to put an American division into Laos.

Secretary Gates replied that it would take from twelve to seventeen days but that some of that time could be saved if American forces, then in the Pacific, could be utilized. Secretary Gates added that the American forces were in excellent shape and that modernization of the Army was making good progress.

President-elect Kennedy commented upon the seriousness of the situation in Laos and in Southeast Asia and asked if the situation

seemed to be approaching a climax. General Eisenhower stated that the entire proceeding was extremely confused but that it was clear that this country was obligated to support the existing government in Laos.

The discussion of Laos led to some concluding general statements regarding Southeast Asia. It was agreed that Thailand was a valuable ally of the United States, and that one of the dangers of a Communist take-over in Laos would be to expose Thailand's borders. In this regard, it was suggested that the military training under French supervision in Thailand was very poor and that it would be a good idea to get American military instructors there as soon as possible so the level of military capability could be raised.

President Eisenhower said there was some indication that Russia was concerned over Communist pressures in Laos and in Southeast Asia emanating from China and North Vietnam. It was felt that this attitude could possibly lead to some difficulty between Russia and China.

This phase of the discussion was concluded by President Eisenhower in commenting philosophically upon the fact that the morale existing in the democratic forces in Laos appeared to be dis-